

Army Regulation 12-8

Security Assistance

Operations and Procedures

**Headquarters
Department of the Army
Washington, DC
21 December 1990**

Unclassified

SUMMARY of CHANGE

AR 12-8

Operations and Procedures

This revision--

- o Consolidates AR 12-6, AR 12-8, and AR 12-10.
- o Incorporates changes directed by the Defense Security Assistance Agency (DSAA).
- o Includes policy for preparing, processing, and implementing DD Forms 1513, 1513-1, and 1513-2 (chaps 3, 4, 5, and 15).
- o Provides policy and implementing procedures on the Total Package Approach (TPA) to Foreign Military Sales (FMS) case management (chap 6), Cooperative Logistics Supply Support Arrangements (CLSSA) (chap 9), maintenance support arrangements (chap 10), the Special Defense Acquisition Fund (SDAF) (chap 11), system support buyouts (chap 18), and the Army Munitions Control Program (chap 21).
- o Establishes required reports (chap 20).
- o Provides standard footnotes to be used with DD Forms 1513, 1513-1, and 1513-2 (app B).
- o Establishes 7 new DA R-forms:
 - a. DA Form 4605--4605-R, Department of the Army Munitions Control Case Processing Worksheet (para 21-4). This reproducible form supersedes DA Form 4605, Department of the Army Munitions Control Case Processing Jacket, which will no longer be used.
 - b. DA Form 5903-R, Foreign Military Sales Financial Management Improvement Program Worksheet (para 3-30).
 - c. DA Form 5904-R, Total Package Approach Checklist (para 6-3).
 - d. DA Form 5905-R, Diversion Decision Considerations-- Ammunition (para 15-8).
 - e. DA Form 5906-R, Diversion Decision Consideration-- Major Items, Less Ammunition (para 15-8).
 - f. DA Form 5907-R, Diversion Decision Consideration-- Class II and IX Secondary Items (para 15-8).
 - g. DA Form 5908-R, Scheduled Receipts from Production and Overhaul (para 15-8).

Effective 18 January 1991

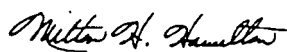
Security Assistance

Operations and Procedures

By Order of the Secretary of the Army:

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General, United States Army
Chief of Staff

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Administrative Assistant to the
Secretary of the Army

History. This UPDATE printing publishes a revision of this publication. To make this publication compatible with the Army electronic publishing database, Figure 11-1 has been changed to Table 11-1. This publication has been reorganized to make it compatible with the Army electronic publishing database. No content has been changed.

Summary. This regulation establishes policy and prescribes procedures for the sale of items of equipment and services to friendly

foreign nations. It also prescribes policies, responsibilities, and procedures for managing the Army Munitions Control Program and Military Assistance Program Grant Aid. This regulation implements DOD 5105.38-M and DOD Directives 2040.2 and 5105.51.

Applicability. This regulation applies to all elements of the Active Army involved in security assistance programs and in the management and processing of U.S. export license applications. It does not apply to the Army National Guard or the U.S. Army Reserve.

Proponent and exception authority.
Not applicable

Army management control process. This regulation is not subject to the requirements of AR 11-2. It does not contain internal control provisions.

Supplementation. Local limited supplementation of this regulation is permitted but is not required. If supplements are issued, furnish one copy of each to HQDA (DALO-SAA), WASH DC 20310-0511, and

to Commander, U.S. Army Security Assistance Command, ATTN: AMSAC-MP, Alexandria, VA 22333-0001.

Interim changes. Interim changes to this regulation are not official unless they are authenticated by the Administrative Assistant to the Secretary of the Army. Users will destroy interim changes on their expiration date unless sooner superseded or rescinded.

Suggested improvements. The proponent agency of this regulation is the Office of the Deputy Chief of Staff for Logistics. Users are invited to send comments and suggested improvements on DA Form 2028 (Recommended Changes to Publications and Blank Forms) directly to USASAC, ATTN: AMSAC-MP, Alexandria, VA 22333-0001.

Distribution. Distribution of this publication is made in accordance with the requirements on DA Form 12-09-E (Subscription Numbers, Part IV), block number 3110, intended for command levels D and E for Active Army. This publication is not distributed to the Army National Guard or U.S. Army Reserve.

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* This regulation supersedes AR 12-6, 15 May 1980; AR 12-8, 1 January 1982; and AR 12-10, 15 July 1981. It rescinds RCS:DSAA(Q) 1123; RCS:DSAA(Q) 1127; and RCS:DSAA(M) 1229.

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Glossary

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Chapter 1 Introduction

1-1. Purpose

This regulation establishes policy, prescribes procedures, and assigns responsibilities for administering U.S. Army security assistance programs, including Foreign Military Sales (FMS) programs, Military Assistance Program (MAP) projects, coproduction agreements, and the Army Munitions Control Program.

1-2. References

Required and related publications and prescribed and referenced forms are listed in appendix A.

1-3. Explanation of abbreviations and terms

Abbreviations and special terms used in this regulation are explained in the glossary.

1-4. Responsibilities

a. Headquarters, Department of the Army (HQDA), will develop and issue security assistance policy and program guidance. Specific responsibilities are prescribed in AR 12-1.

b. Commander, U.S. Army Materiel Command (AMC), through the Commander, U.S. Army Security Assistance Command (USASAC), will—

(1) Serve as executive agent for the management, administration, and implementation of FMS and MAP programs assigned to the Army, in accordance with AR 12-1.

(2) Manage the Army Munitions Control Program in accordance with Department of State, Department of Defense (DOD), and Department of the Army (DA) policy.

(3) Provide program guidance on munitions control and security assistance matters to the Army Staff, AMC, and other major subordinate commands (MSCs) and activities.

(4) Provide materiel and related services to recipient nations according to objectives and guidance furnished by HQDA.

(5) Monitor materiel delivery and training plans and develop appropriate supporting schedules.

(6) Ensure that a foreign disclosure review is accomplished and release approval is granted by a designated disclosure authority prior to providing price and availability (P&A) data or a Letter of Offer and Acceptance (LOA).

c. Commander, U.S. Army Training and Doctrine Command (TRADOC), will—

(1) Act as executive agent for the management and implementation of Army-provided training programs associated with approved FMS cases and MAP projects, in accordance with AR 12-1 and AR 12-15.

(2) Administer the security assistance training program through the Commander, Security Assistance Training Field Activity (SATFA) and the Director, Security Assistance Training Management Office (SATMO).

(3) Ensure that SATFA—

(a) Serves as program manager for all Army-provided security assistance training for foreign personnel.

(b) Implements approved FMS and MAP training programs conducted in the continental United States (CONUS).

(c) Provides financial management support of all security assistance training programs, to include funds receipt, distribution, billing, collections, and reimbursements.

(4) Ensure that SATMO—

(a) Implements approved FMS and MAP training programs conducted outside of CONUS (OCONUS).

(b) Develops plans for and deploys all Army-provided security assistance teams, except quality assurance teams and calibration teams.

d. The Surgeon General will—

(1) Exercise HQDA staff supervision of the U.S. Army Medical Materiel Agency (USAMMA) and the U.S. Army Health Professional Support Agency (USAHPSA) in providing medical materiel,

training, personnel, and related services in support of security assistance activities.

(2) Review and approve all SATFA requests for medical mobile training teams (MTTs), technical assistance field teams (TAFTs), medical surveys, and other medical-related support.

(3) Task the U.S. Army Health Services Command (USAHSC) and other Army Medical Department (AMEDD) activities to provide necessary medical support personnel.

(4) Review and approve all requests for medical observer training in AMEDD facilities.

(5) Determine requirements for medical equipment requests related to the Total Package Approach (TPA), described in chapter 6.

(6) Prepare DD Form 1513, (United States Department of Defense Offer and Acceptance) for medical equipment items.

(7) Approve and coordinate all medical research and development (R&D) requests.

(8) Develop medical policy and related guidance for Army-managed security assistance programs.

(9) Ensure that USAMMA—

(a) Prepares data and responds to foreign purchaser requests for class VIII materiel and related services.

(b) Coordinates with foreign countries and USASAC in developing medical logistics requirements.

(c) Coordinates with the Defense Personnel Support Center (DPSC) and non-DOD supply sources to identify, process, and manage medical logistical requirements and support.

(d) Processes standard and nonstandard requirements into the requisition management system supply data base and monitors, updates, and reconciles discrepancies in quantity, dollar value, shipment, or status.

(e) Coordinates as required with DPSC, USASAC, and foreign governments on supply and shipping delays, cancellations, and reports of discrepancy (RODs).

(f) Requests and maintains current export/import controlled substance certificates from the Drug Enforcement Administration (DEA).

(g) Prepares and implements maintenance support arrangements for class VIII medical items, as described in chapter 10.

(10) Ensure that USAHPSA—

(a) Serves as AMEDD representative for all individual training conducted in AMEDD facilities located in the United States and Panama.

(b) Develops, coordinates, and monitors programs and allocations for training of foreign nationals in AMEDD schools and facilities, including formal courses, observer training, and on-the-job training.

(c) Reviews all requests for training foreign nationals in AMEDD facilities in the United States and Panama; evaluates requirements and determines appropriate training sources; tasks AMEDD schools and facilities, as required; coordinates with SATFA and other military Services.

(d) Develops policy and issues procedural guidelines for the medical training of foreign nationals conducted in AMEDD facilities in the United States and Panama, to include program changes, student disposition, administrative personnel problems that affect student status, and reports of serious incidents.

(e) Provides medical training information to SATFA for inclusion in the Army Security Assistance Training Handbook.

(f) Serves as AMEDD representative at allied military conferences and unified command training workshops.

e. Commanders of commands, agencies, and activities, less AMC R&D commands and the U.S. Army Depot System Command (DESCOM), will—

(1) Prepare operational logistics plans, including complete forecasts of support and maintenance requirements. Special attention should be given to forecasts of secondary item support for end items in the possession of the purchasing country, including overall support.

(2) Prepare data and respond to foreign purchase requests; process requests according to the TPA concept explained in chapter 6.

(3) Prepare a source and delivery schedule for all approved and

funded security assistance requirements. U.S. commitments and delivery data must be included in the International Logistics Supply Delivery Plan (RCS CSGLD 1392).

(4) Integrate FMS and Grant Aid requirements for major and secondary items in all budget and operating programs.

(5) Ensure timely procurement or repair of items.

(6) Control materiel assets to meet security assistance and Grant Aid requirements.

(7) Deliver by commitment dates.

(8) Advise on planned and scheduled deliveries and changes.

(9) Provide reports as required.

(10) Conduct and take part in periodic reviews.

(11) Develop and justify coordinated budget estimates and operating budgets that support FMS and Grant Aid activity.

(12) Establish controls governing requests for customer funds.

(13) Ensure timely reimbursement and billing.

(14) Evaluate munitions cases.

f. Commander, U.S. Army Information Systems Engineering Command (USAISEC), will—

(1) Exercise overall responsibility for Information Mission Area (IMA) functions that relate to security assistance programs. Information systems include, but are not limited to, automation systems hardware, firmware, and software; telecommunications equipment, facilities, and services; visual information systems; printing and publishing equipment; and records management equipment.

(2) Prepare data and respond to foreign purchase requests for information systems.

(3) Plan, develop, engineer, acquire, and install approved information systems.

(4) Advise, assist, and provide technical support to information system users.

(5) Provide information system products and services, as required.

(6) Develop LOAs and manage TPA cases related within assigned IMA responsibilities.

g. Commander, U.S. Army Security Assistance Command (USASAC), will—

(1) Serve as country program manager (CPM) and central case manager (CCM) for security assistance missions.

(2) Develop, maintain, and distribute the FMS TPA pamphlet and security assistance materiel data books to security assistance organizations (SAOs) for use in assisting FMS customers to understand the TPA concept and its importance to the successful operation and maintenance of end items and systems.

(3) Develop and maintain the data base for assessing capabilities to operate, maintain, and sustain end items and systems; provide this information to organizations tasked to develop LOAs.

(4) Receive, analyze, and evaluate Letters of Request (LORs).

(5) Determine requirements for in-country surveys; task TRADOC to prepare security assistance cases, as required.

(6) Task appropriate commands to develop price and availability (P&A) data and LOAs, as required.

(7) Appoint a lead command to coordinate, develop, and manage each FMS case.

(8) Review and coordinate LOAs to ensure that all materiel, training, technical assistance, and other support required have been identified and offered.

(9) Sponsor FMS management reviews.

h. Commanders, AMC R&D commands, will—

(1) Implement R&D services that are included in approved LOAs and are reimbursed to the Research, Development, Test, and Evaluation (RDT&E) appropriation.

(2) Provide R&D support functions, such as engineering development and project management, included in the FMS administrative budget. Support services are in addition to recoverable RDT&E charges included in the unit price of major items and systems.

i. Commander, DESCOM, will—

(1) Monitor AMC depots continuously to ensure that materiel release orders (MROs) and materiel release confirmations (MRCs)

are issued promptly for those activities and sources directed by the commands and agencies.

(2) Prepare and implement maintenance support arrangements (MSAs) as described in chapter 10.

(3) Provide technical assistance representatives, as required.

j. Commander, U.S. Army Printing and Publications Command, will—

(1) Provide pricing information for the initial technical publications line in materiel cases.

(2) Provide follow-on publications support in response to customer requisitions against blanket order cases or defined lines in LOAs.

Chapter 2

Security Assistance Requests

2-1. Letter of Request

a. An eligible foreign country or international organization that desires to obtain security assistance from the United States must first submit a Letter of Request (LOR) that includes the following:

(1) The type of action or information desired, such as P&A data or an LOA for security assistance materiel and services.

(2) The name and address of the originator and a reference number.

(3) A clear description of the articles and services needed.

b. If an LOR lacks any required information, the requesting country will be asked to provide it. No action should be taken until the information is received.

2-2. Submission channels

a. The Department of State has statutory responsibility for reviewing all security assistance requests. Each request is categorized as either significant military equipment, as defined in the International Traffic in Arms Regulation, or all other FMS.

b. Requests for significant military equipment should be sent by the U.S. Embassy in the requesting country to USASAC. Information copies will be sent to the Bureau of Politico-Military Affairs, Department of State (SECSTATE-PM), the Defense Security Assistance Agency (DSAA), and the cognizant unified command. Requests that originate with country diplomatic representatives located in Washington, DC, should be addressed in the same manner.

c. Requests for all other FMS that originate in-country should be sent through the diplomatic representative in the United States, or by the DOD element of the U.S. country team, directly to USASAC. Information copies should be sent to SECSTATE-PM, DSAA, and the appropriate unified command. Requests originated by diplomatic representatives in the United States should be sent directly to USASAC with information copies to SECSTATE-PM and DSAA.

d. USASAC will assure that SECSTATE-PM and DSAA have been provided copies of all requests.

e. DSAA and SECSTATE will coordinate within 5 days of receiving a request to determine if it will be approved or disapproved, or if additional data are required. For requests involving major defense equipment, DSAA will immediately advise USASAC of initial approval or of any potential problems, or to stop processing any requests that have not been approved. Until such notification is received, all requests will be processed for final DSAA coordination and countersignature.

2-3. Price and availability data

a. Requests for P&A data will also be sent through LOR submission channels. DSAA must approve the release of P&A data for major defense equipment and significant military equipment before it can be provided to the requesting country.

b. P&A data show price and availability in rough order of magnitude. Because it includes only rough estimates, it should be used only for preliminary review in evaluating the possible purchase of a defense article or service. P&A data may not be used in preparing an LOA; however, it should be sufficiently accurate for planning

purposes. P&A data should include integrated logistics support data, as applicable. The lead command will coordinate with appropriate supporting commands to obtain P&A data for materiel and services. P&A data for training will be requested from TRADOC.

c. USASAC is allowed 45 days to provide P&A data to the requesting country. Supply activities are allowed 38 days to prepare the response.

d. The format for providing P&A data is prescribed in DOD 5105.38-M, paragraph 70003B.3.

e. P&A data on the HAWK and AN/TSQ-73 Missile Minder (see para 13-4) will include the following note: "Your attention is invited to U.S. Government policies that require foreign recipients of U.S. classified military information or materiel to provide it with the degree of security judged adequate by the U.S. Government. Hawk and AN/TSQ-73 materiel listed in the attached planning and review data includes the Army tactical data link (ATDL). The ATDL-1 format is classified and cannot be transmitted in the clear; therefore, a cryptographic device will be needed to provide security during transmission."

2-4. Provision of data

a. USASAC will assign case designator P to each P&A request and forward it to the proper command for action.

b. P&A estimates are not commitments. All P&A data provided will include the following note: "The provisions of the foregoing P&A data do not constitute an agreement between the U.S. Government and the Government of (name of country), or a U.S. Government commitment to provide the articles or services for which these estimates are provided."

2-5. Classification of price and availability data

a. P&A data must be classified when either of the following criteria are met:

(1) The data identifies the requesting foreign government and specific items of major defense equipment in which it has expressed interest and which qualify for congressional reporting under section 36(b)(1) of the Arms Export Control Act.

(2) Classification of the data is directed by higher headquarters or is warranted in the interests of the national defense of the United States.

b. Unless otherwise directed by competent authority, data will be declassified when congressional notification is complete or when an LOA is issued. In cases where an LOA is not issued, classified data will be declassified per AR 380-5.

2-6. Standard cases

Standard FMS cases are defined as follows:

a. *Defined order cases.* The LOA specifies the items, services, or training to be supplied. The following materiel or services are normally furnished by defined order cases:

- (1) Major items and weapon systems and related requirements.
- (2) Munitions, ammunition, and other explosives.
- (3) Transportation services.
- (4) Cartridge- and propellant-activated devices.
- (5) Technical data packages.

b. *Blanket order cases.* The LOA provides for materiel or services with no definitive listing of items or quantities. The following procedures apply:

(1) Separate cases are required for U.S. Army training (O cases), DA publications (T cases), medical materiel (M cases), and maintenance support agreement cases. However, a single blanket order case can be provided for the following items:

(a) Spare or repair parts including consumable or repairable items that become part of an assembly.

(b) Publications, such as forms, manuals, reports, books, or maps needed to order, maintain, and support items and services, and include U.S. Army service school publications.

(c) Support equipment, such as components, special tools, test equipment, and materiel for supply and maintenance support of a weapon or end item.

(d) Technical assistance services such as site survey teams, engineering or technical development, systems evaluation, and TAFTs.

(e) Training of foreign students by DOD or its contractors.

(f) Training aids, such as videotapes, slides, motion pictures, microfiche, transparencies, and aperture cards.

(g) Repair items must be clearly stated on the LOA.

(h) Minor modifications or alterations performed at U.S. installations. The level of services must be listed on the case.

(i) Army Master Data File (AMDF) products produced by the U.S. Army Catalog Data Office.

(2) The following items may not be ordered under blanket order cases:

(a) Classified material.

(b) Explosive ordnance items.

(c) Major defense equipment and initial logistics support that is normally ordered for concurrent delivery with such items.

(d) Significant military equipment.

(e) Lumber and other types of commercial materiel.

(f) Technical data packages.

(g) Excess articles of other than major defense equipment.

(h) Tool sets.

(i) Controlled cryptographic items.

(3) Purchasers normally request a case value appropriate to their needs. Orders that exceed the value of the LOA will not be processed.

(4) Requisitions will be submitted by the purchaser through supply channels. Requirements are normally filled from procurement, rather than from Army stocks. Except for maintenance blanket order cases, the ordering period will normally be 12 months and will not exceed 36 months. For maintenance support arrangements, the ordering period may be extended for a total of 5 years (see para 10-4b(4)).

(5) Blanket order cases will not to be used as substitutes for Cooperative Logistics Supply Support Arrangements (CLSSAs). Orders that exceed the value of the LOA will not be processed.

(6) Standard footnotes S16.A (blanket order cases), S16.B (CLSSA cases), S16.C ("T" publication cases), and S16.D (AMC publication cases), as listed in appendix B, should be included in blanket order cases to clearly identify restricted supply items.

(7) FMS customers should be encouraged to use blanket orders wherever appropriate. This eliminates the need for a separate case for each transaction. To encourage purchasers to consolidate requirements, standard footnote C14 should also be added on all blanket order cases.

c. *CLSSAs.* These cases provide supply support at the depot level for U.S.-made materiel owned by foreign countries. Details are provided in chapter 9.

2-7. Letter of Intent

A Letter of Intent is submitted by a prospective recipient country to signify its intention to proceed with a case and precedes the preparation of an LOA. The LOI will be prepared as follows:

a. DD Form 2012 and DD Form 2012-1 (United States Department of Defense Letter of Intent) are used to start procurement of long lead time items. Financial limitations and DSAA authorization are prescribed in DOD 5105.38-M, paragraph 70003.D.

b. DD Form 2012-2 (U.S. Department of Defense Amendment to Letter of Intent) is used for amending LOIs, as stated in paragraph 2(c) of DD Forms 2012 and 2012-1.

c. DD Form 2012 will be assigned a case designator. The Program and Budget Accounting System (PBAS) will be used to obtain obligation authority, but must be adjusted when a DD Form 2012-1 is used. DD Forms 2012 and 2012-2 will be superseded by the LOA upon final acceptance.

d. A DSAA countersignature is required on any DD Form 2012, 2012-1, or 2012-2 before it is sent to the requesting country.

e. Under no circumstances will items be shipped before an accepted LOA is received for implementation.

f. The cover letter forwarding the LOI to USASAC should include the following information:

- (1) Time constraints on acceptance.

- (2) Reason for submitting the LOI.
- (3) Line item number on DD Form 1513.
- (4) Project code, if any.
- (5) Phased requirements for cash.
- g. The description space must include the national stock number (NSN), item nomenclature, appropriation and budget activity account code, unit of issue, quantity, and unit price.
- h. The original and three copies should be sent to the proper USASAC regional directorate. USASAC will send the original to the buyer, and a copy to the Security Assistance Accounting Center (SAAC).

2-8. Loans

The Secretary of Defense has authority to loan materials, supplies, or equipment to any country that is a NATO member or a non-NATO ally for the purpose of cooperative research, development, testing, or evaluation. Authority is contained in Section 65 of the Arms Export Control Act.

2-9. Leases

a. The Arms Export Control Act, chapter 6, authorizes the leasing of defense articles for compelling foreign policy and national security reasons, provided the articles are not needed at that time for public use. Procedures and formats for processing leases are contained in DOD 5105.38-M, section 1200.

b. Lease requirements will be processed as follows:

(1) Upon DSAA approval of a lease request, USASAC will task the responsible logistical activity to prepare the lease agreement. Preparation should be completed within 40 days.

(2) The USASAC regional directorate will assign a trialpha designator to each lease, but it will not be entered into the LOR 1200 subsystem.

(3) The designator will be developed as follows: Country code—DOD component identification (B)—Trialpha designator beginning with the letter “L” (LAA, LAB, LAC . . . LZZ). The designator must be placed at the top of each page of the lease, including schedules and attachments. The associated FMS case must reference the lease designator.

c. Upon receiving the completed lease agreement, the USASAC regional directorate will take the following actions:

(1) Obtain the concurrence of the AMC command counsel and the resource manager.

(2) Prepare a determination.

(3) Prepare a cover memorandum to DSAA. The justification must include the following specific elements in the order indicated:

- (a) Why the item is not available for sale.
- (b) Why a lease is more advantageous than a sale.
- (c) What the benefits are to the U.S. Government.
- (d) What the benefits are to the foreign government.

(4) Forward the lease agreement, along with the determination and cover memorandum, to HQDA (DALO-SAA), Washington, DC 20310-0511. HQDA will obtain the concurrence of the appropriate Army elements and forward it to DSAA for approval and countersignature.

d. When the lease is signed, USASAC will forward one copy each to the DSAA comptroller and SAAC. USASAC will not implement the lease until financial requirements have been met.

e. Requests for lease extensions will be submitted to DSAA through HQDA (DALO-SAA), along with a revised lease agreement that identifies the terms and conditions of the extension. For extensions that meet the 1-year congressional reporting requirement, the USASAC regional directorate will provide the required data to DSAA at least 60 days before the projected date of renewal.

f. Requests for exception to the terms of payment for loss, destruction, damage, or rental will be processed by USASAC through HQDA (DALO-SAA) to DSAA.

g. The lease will be entered in the SAAC Defense Integrated Financial System (DIFS) by trialpha designator, and will be accounted for, billed, and closed using the following procedures:

- (1) Schedule A of each lease will provide a quarterly schedule of

payments due the U.S. Government. Leases provided at no cost are accounted for in DIFS AT \$1.00 case value.

(2) SAAC originates and processes performance reports as part of the FMS Detailed Billing Report (RCS DD-COMP(M)1517), consistent with schedule A. SAAC will bill the foreign lessee on a separate DD Form 645, FMS Transaction Billing Statement, provided with the quarterly FMS billing statement.

(3) Commands administering leases are responsible for ensuring that payment schedules are updated to reflect any extensions, delivery schedule changes, or other actions that may result in a change to the lease value or payment schedule. Changes will be forwarded through USASAC to SAAC.

h. The activity that prepared the lease is responsible for its administration during the lease period, to include providing input for reports, when requested, and ensuring the return and disposition of leased items upon expiration or termination of the lease.

i. USASAC will confirm to SAAC that a lease under its cognizance can be closed. SAAC will use the format in DOD 5105.38-M, table 1200-13, to ask USASAC country program managers whether leases may be closed.

j. Each SAO with open leases will report to USASAC (AM-SAC-MP) no later than 31 December annually on how the host country is using the leased equipment. A copy of the report will be furnished to DSAA (DSAA-OPS-E) and HQDA (DALO-SAA).

k. LOAs that are implemented to charge costs associated with lease agreements should include an estimated administrative cost in block 23, since articles or services delivered through an LOA constitute sales and are subject to charges for related administrative services. Actual administrative expenses incurred in executing leases, including those without an associated FMS case, will be recovered through the FMS administrative expense budget process. Other expenses, however, may not be charged to the administrative budget.

2-10. English language laboratories

a. USAISEC will prepare all cases for English language training facilities. The following components will be considered:

(1) Language training equipment, including—

- (a) Language laboratory systems.
- (b) Maintenance kits.
- (c) Voltage regulators.
- (2) Installation teams.

b. The cover letter forwarding the LOA will include the following remark: “Separate cases with the U.S. Air Force are required for software, tapes, manuals and related items, and for English language instructors.”

c. Procedures for ordering language training equipment using IM-ETP funding are included in the U.S. Army Television-Audio Support Activity pamphlet and DLIELC 1025.1-M.

2-11. Lubricant requirements for impact and introductory shipments of major end items

LOAs for major end items should include specific provisions to preclude damage and related maintenance problems caused by improper use of lubricants whenever there is reason to believe that such damage could occur, due to unfamiliarity with U.S. equipment or similar considerations. The following procedures apply:

a. LOAs will include line 9K6Z000THRPOL (K6Z/N) offering a 1-year supply of packaged oils, lubricants, and hydraulic fluids for impact and introductory shipments of major end items. Each required lubricant will be identified separately in sublines under the dollar line.

b. Standard footnote L10 will be used on all FMS cases when packaged lubricants are offered.

2-12. Modification work orders

a. Security assistance customers must be notified whenever a modification work order (MWO) applies to equipment purchased through the FMS system. Commanders of responsible commands and agencies will prepare and forward letters of notification to

USASAC (AMSAC-OL) that identify affected customers and include the following data:

- (1) End item identification.
- (2) MWO number.
- (3) A brief description of the affected component, assembly, or subassembly.
- (4) Estimated work hours and cost of repair parts or kits.
- (5) Priority.
- (6) Category of maintenance.
- (7) Deadline by which the customer must respond (if applicable).
- (8) A copy of the MWO (if applicable).
- (9) A clear statement of the potential consequences or impact if the MWO is not applied.

b. USASAC will inform all eligible security assistance customers of the pending modification and advise of the potential consequences or impact if the MWO is not applied. The notification, however, does not constitute an agreement or commitment on the part of the U.S. Government to supply the MWO. Subsequent requests for P&A data or an LOA must be submitted through normal channels.

c. Modifications that, if compromised, would threaten the effectiveness of U.S. military forces must be approved in advance by HQDA (DALO-SAZ-A). This includes modifications that—

- (1) Significantly improve the effectiveness of the system.
- (2) Reduce vulnerability to U.S. countermeasures.
- (3) Involve the use of sensitive technology.

d. When an MWO is approved for release, affected countries will be promptly informed to ensure that all FMS requirements are identified and included in the Army procurement.

e. LOAs for MWO kits will be either defined-line or dollar-line cases. Standard footnote R11.C should be used on dollar-line cases in which the customer submits requirements based on advance notification.

2-13. Microform materials

a. For requests involving microfiche products, the files, quantity, and model number of the viewer must be furnished. When magnetic tapes are requested, the Army Master Data File (AMDF) segments and other files desired must be provided along with the specifications of the tape manufacturer and the model number of the computer equipment.

b. Materiel will be requisitioned from the AMC Catalog Data Activity by DD Form 1149 (Requisition and Invoice/Shipping Document). A MIPR will be issued by the USASAC Financial Accounting Division to the Catalog Data Activity. Billing will be by SF 1080, Voucher for Transfers Between Appropriations and/or Funds, to USASAC (AMSAC-RF) per AR 37-27.

2-14. International Logistics Communications System

a. The ILCS is a dial-up communications network developed to improve the access of FMS countries to the U.S. logistics system. The network control point in CONUS is the Defense Logistics Agency (DLA) office at Gentile AFS, Ohio. The system consists of two automated systems: the CONUS system, designated as the FMS Automated Dataphone System, and the FMS country system, designated as the International Logistics Overseas Support System. The systems are connected by the international commercial telephone networks.

b. The ILCS may be used to transmit security assistance logistics documentation, such as requisitions, status requests, catalog and training data, and management reports. Since the ILCS is not secure, it may not be used for classified information. Requests for P&A data or LOAs will not be transmitted by the ILCS, but will be coordinated with the appropriate U.S. Government in-country representatives. Out-of-channel ILCS requests received by U.S. Army activities will be forwarded to the appropriate USASAC office.

c. FMS countries that do not have access to the automatic digital network (AUTODIN) should be encouraged to subscribe to ILCS. By submitting requisitions and receiving supply status electronically

instead of by international mail, the customer significantly reduces lead time and can directly control requisition status.

2-15. White phosphorus munitions and riot control agents

U.S. Government policy and procedures regarding the sale of incendiary items and riot control agents are stated in DOD 5105.38-M, paragraph 20301.I.

2-16. Quality assurance

a. A quality assurance (QA) team will inspect FMS materiel at the U.S. Army Depot or CONUS contractor facility where title is passed to the receiving country.

b. QA services must be offered whenever a new system or major end item is fielded, whether through procurement or overhaul. Requirements and costs will be included as a separate line item in the LOA. Although AMC MSCs are assigned primary responsibility for the composition and fielding of QA teams, USASAC representatives will accompany designated teams to provide support and monitor delivery. QA requirements will be developed using the following procedures:

(1) The CPM will include requirements for USASAC representatives in LOA tasking documents for major systems or end items.

(2) The affected AMC MSC will coordinate telephonically with USASAC (AMSAC-OQ) during planning to determine requirements for USASAC representatives.

(3) USASAC representative requirements will be determined jointly by USASAC (AMSAC-OQ) and the CPM.

(4) The AMC MSC will be advised of requirements by USASAC (AMSAC-OQ).

c. QA teams will generally include only one MSC representative. Where additional representation is considered necessary because of quantity or the complexity of the item, the MSC should request additional representation and provide full justification. Final determination will be made by USASAC.

d. In cases involving the sale of materiel that has been reconditioned in depots, the MSC should request participation by qualified depot personnel who can advise DESCOM directly on requirements for corrective action. Depot representatives will generally serve in place of MSC technicians, in order to limit participation to minimum essential personnel. If the repairing depot and the MSC mutually agree that depot representation is not required, the requirement for depot participation is waived.

e. Standard footnote Q1.A must be included in each applicable LOA to assure that receiving countries understand the importance of QA services.

f. Should the receiving country decline QA services, the LOA will be amended to delete the line from the case. The amendment will be accompanied by a waiver that must be signed by the official who accepts the amendment. A sample waiver format is provided in figure 2-1. The transmittal letter will call attention to the waiver and to standard footnote Q1.B, which must be included in the amendment. A copy of the signed waiver will be maintained in the official case file.

g. The determination as to whether or not to sell materiel without QA services will be made by USASAC, in coordination with the appropriate MSC.

QUALITY ASSURANCE WAIVER

The Government of (*Country*) hereby declines the offer of an in-country Quality Assurance (QA) team to accompany the shipment of (*materiel*), FMS Case (*number*). As a duly authorized representative of this government, I understand that by declining the QA team, my government will not receive services normally rendered by a QA team. Specifically, the U.S. Government will not perform on-site pre-operational checks or demonstrate operability; U.S. Government representatives will not be available to take corrective actions regarding possible

discrepancies. I understand that all claims made against the U.S. Government regarding materiel supplied on this case must be submitted in adherence with paragraph B.6 of Annex A, General Conditions.

(Signature)

(Title)

Figure 2-1. Sample waiver format for declining quality assurance (QA)

2-17. Calibration requirements

a. LOA preparation must consider any calibration requirements associated with systems or equipment offered through FMS. Calibration services should be included in the LOA, or the customer should be informed of requirements by other means. Standard footnotes C1.A and C1.B will be included wherever applicable.

b. If calibration services are included in the LOA, the activity responsible for case preparation will coordinate requirements with the U.S. Army Test, Measurement, and Diagnostic Equipment Support Group (USATSG), U.S. Army Missile Command (MICOM), Redstone Arsenal, AL 35898-5000. In addition, a copy of each LOA containing calibration requirements should be provided to USATSG at the time the LOA is submitted to USASAC.

2-18. Maintenance support items

Requirements for special tools, test equipment, lubricants, and cleaning material may be offered collectively as maintenance support items. Standard footnote M1 will be included in applicable LOAs.

2-19. Depleted uranium

Defense articles that contain amounts of uranium depleted of isotope 235 and used solely for high-density or pyrophoric characteristics unrelated to radioactivity are exempt from the provisions of the Atomic Energy Act of 1954 and the Nuclear Nonproliferation Act of 1978, and may be included in FMS cases when sold under provisions of the Arms Export Control Act. DSAA, in consultation with the Department of State, will determine if Congressional notice is required. Requests for defense articles that contain depleted uranium should be sent to HQDA (DALO-SAC), with the request for preparation of the case. HQDA will coordinate with DSAA.

2-20. Combat vehicle crewman's helmets

a. The use of specially designed helmets for communications and protection is essential for combat vehicle crewmembers and should be offered in LOAs for the sale of applicable vehicles as support items. Helmets provide protection from head injuries during vehicle operation and allow both external and internal voice communications. Adequate quantities of helmets should be available when vehicles are delivered, and may be required by MTTs or QA teams. Communications training cannot be accomplished without helmets.

b. The CPM will ensure that helmets are included in combat vehicle tasking documents forwarded to the MSC. Tasking should specify the number of helmets (not to exceed six per vehicle) and sizes required. If specific sizes are not included, MSCs should offer the established size ratios. Corrections may be made at time of review, if necessary.

c. P&A data must be obtained through USASAC from DLA.

2-21. Translation services

The user or recipient country is responsible for translating documents. SAOs may provide informal translations for government-to-government purposes only. The translated document should be clearly marked "informal and unofficial translation—English text

governs." Standard footnote T13.B will be included on LOAs offering publications or documents.

2-22. Technical assistance and training

a. The following technical assistance and training services are available. Costs must be borne by the FMS purchasers:

- (1) Technical assistance teams (TATs).
- (2) Field training services, including—
 - (a) Extended training service specialists.
 - (b) Contractor field services.
- (3) Technical assistance field teams (TAFTs).
- (4) Quality assurance (QA) teams.
- (5) Calibration assistance teams (CATs).
- (6) Mobile training teams (MTTs).
- (7) Surveys.

b. The U.S. Army John F. Kennedy Special Warfare Center and School, Fort Bragg, NC, operates the Security Assistance Training Management Office (SATMO), which, under the direction and guidance of TRADOC, provides support and P&A data for technical assistance and training teams, except CATs and QA teams.

c. When a sales case for a system that is new to a customer is prepared, care should be taken to consider including appropriate training teams. Coordination with TRADOC is essential. As prescribed by AR 12-7 and AR 12-15, the teams are staffed by military personnel or DA civilians, or both. Training teams provide in-country technical assistance to the armed forces of a foreign government on specific equipment, technology, procedures, weapons, and supporting systems. They serve for a relatively short time and provide services that CONUS training programs or commercial training contracts cannot satisfy. Training services are normally included in separate sales cases prepared by TRADOC. As an exception to TPA procedures, training may be included in a materiel sales case. The entry will be shown as a separate line or subline. These lines will be extracted and sent to TRADOC for implementation.

d. USASAC will send all requests for training to Commander, SATFA (ATFA-R), 2017 Cunningham Drive, 4th Floor, Hampton, VA 23666. For OCONUS requests, an information copy will be sent to Commander, USAJFKSWCS (ATSU-SATMO), Fort Bragg, NC 28307-5000. After review, SATFA will pass requirements for OCONUS training to SATMO for implementation.

2-23. Contractor support services

a. Support services may be contracted from commercial sources for supply, maintenance, and other logistical functions. Services offered may be included in a single case.

b. Logistical support services include many functions related to supply and maintenance. Commercial sources that manufacture equipment or systems may also be contracted to provide necessary support services.

c. Logistical support services may be required when new equipment, weapons, or systems are first introduced into a country. Requirements should be structured to permit procurement through commercial service contracts. Contractors must be able to transfer technical expertise and operational information to system or equipment users and managers in the recipient country and supervise employees who perform these services. Contracts will specify the services required, period of performance, and cost of each required service.

2-24. Training requirements

a. The CPM will refer all requests for FMS training to SATFA, along with planning information on the recipient country, type and length of training required, desired dates, numbers of students, and points of contact. SATFA will determine the CONUS capability to provide the training and designate the command or agency that will fulfill the requirement. If the required training is to be conducted at an AMC activity, SATFA will request AMC (AMCPE-AE) to furnish an estimate of cost and availability.

b. Upon implementation, USASAC will forward a copy of the LOA to the activity providing the training. If training is to be provided by an AMC depot, a copy will be sent to DESCOM

(AMSDS-RM). At least 1 month before training begins, SATFA will send a reimbursable order to the training activity. Receipt of funding documents by Army Industrial Fund activities is vital, since foreign students cannot begin training until funds are provided. If time constraints preclude following the procedures above, the case initiator may send the reimbursable order by electronic transmission. At a minimum, the country, case designator, fund cite, and expenditure limit must be identified.

c. The performing activity will submit SF 1080 (Voucher for Transfers Between Appropriations and/or Funds) to TRADOC as part of the normal billing cycle.

2-25. Radioactive items

All cases that offer items containing radioactive material will include standard footnote R1. The safety office of the command or agency preparing the case should be contacted for assistance in identifying items that contain radioactive material. The transmittal letter forwarding the case to USASAC should reflect coordination by the safety office.

2-26. Foreign weapon systems

a. Requests for nonpersonal technical services involving assembly, installation, maintenance, redesign or re-engineering, or the provision of parts to support other than U.S.-manufactured weapon systems should be processed through normal FMS procedures.

b. All LOAs for support of foreign weapon systems or other equipment must be coordinated with the DSAA Plans Directorate, Support Division, before staffing with the DSAA Operations Directorate, or submission for countersignature.

c. Support of foreign weapon systems may require frequent use of sole source procurement. Procedures cited in paragraph 2-29 should be adhered to as closely as possible.

2-27. Replacement and modernization sales

a. Replacement and modernization sales involve replacement of a major item sold from Army inventory with a modern version of the same basic model, or an acceptable substitute, against the same authorized acquisition objective.

b. Case preparers will provide replacement and modernization sale data on DA Form 4952-R (Replacement and Modernization (RM) Classification-Foreign Military Sales (FMS)), and forward it to USASAC (AMSAC-MA/ME/MM) with the LOA or upon determination that a case will involve a replacement and modernization sale. Preparation and use of DA Form 4952-R is governed by AR 37-120. A copy of DA Form 4952-R is included in AR 37-120 and may be reproduced locally. USASAC will send the completed DA Form 4952-R to HQDA (DALO-SAC), Washington, DC 20310-0512, and hold the case pending HQDA approval. Case preparers include the fact that the case involves a replacement and modernization sale in the letter of transmittal to USASAC.

c. If the sale is disapproved, USASAC will promptly advise the case preparer. If the sale is approved, the case preparer will be notified when the case is implemented.

d. Replacement and modernization sales require adding replacement items to direct Army orders and obtaining direct Army funding. The preferred funding method is cash prepaid by the customer. Since programming must be accomplished in the same fiscal year as the transaction, programming actions must be initiated within 5 workdays after the case is implemented.

2-28. Technical data packages

a. Procedures on the release of technical data packages (TDPs), and related LOA provisions, royalty information, billing and collection procedures, and data sheet formats are provided in DOD 5105.38-M, chapter 14.

b. All LOAs and P&A data for TDPs must be approved by HQDA and DSAA. Release authority is also required for all maintenance data, including depot maintenance work requirements involving a U.S. manufacturing capability or an advancement in

technology. USASAC will provide TDP LOAs to HQDA (DALO-SAC) for HQDA coordination and forwarding to DSAA.

c. LOA requests and requests against open blanket orders that specify depot maintenance work requirements involving either a U.S. manufacturing capability or an advance in technology will be forwarded to HQDA (DALO-SAC) for approval. A copy will be provided to AMC (AMCMI-CT). All requests will identify the end item or system involved and its intended use or purpose, and will state whether the end item or system has been released to the customer. Requests that do not involve a U.S. manufacturing capability or an advance in technology may be released by USASAC without HQDA action. Once releasability has been determined, depot maintenance work requirements may be sold either as defined-line items in an LOA or included in a blanket order case.

d. Notes on the type of TDP being offered will be included in the case.

e. Obligational authority and expenditure authority for royalty payments due to third countries are to be pulled in PBAS by the case preparer responsible for line management of the FMS case. Accountability for obligatory authority and expenditure authority will be based on receipt of a pseudorequisition from USASAC assigning line management of the royalty line to a specific organization. Accounting and reporting of royalty payments will be accomplished as follows:

(1) The FMS delivery value reported to SAAC through the DD-COMP(M)1517 report will include the royalty payment amount due the applicable third country.

(2) The MSC will pull obligatory authority and reimburse itself. Specifically, no check will be drawn, since the SF 1080 voucher is used to transfer appropriations and/or funds to obtain expenditure authority before third country royalties are paid.

(3) Payment will be made by check based on information shown on SF Form 1034 (Public Voucher for Purchases and Services Other Than Personal). SF Form 1034 will identify the recipient country and state that the payment is a royalty.

(4) After the final royalty payment is made, the organization will submit a line closure certificate to USASAC indicating final billing of the applicable materiel or royalty.

f. When royalties are due the U.S. Government from a producing country for payment to a third country, the Army must initiate a bill to obtain the royalty. Since this does not constitute a royalty payment, SAAC cannot make payment directly. In such cases, the command should request USASAC to issue a requisition to produce a bill and assign a pseudonumber for the royalty fee case line. This action generates the bill that will be presented to SAAC, which, in turn, will pull and forward funds to the Army. The Army will then make the royalty payment.

2-29. Requests for sole source procurement

a. DOD policy and procedures governing FMS sole source procurement are explained in DOD 5105.38-M, paragraph 80102.

b. The Commander, USASAC, has been delegated authority by the Commander, AMC, to approve sole source procurements for accepted FMS LOAs.

c. Requests for sole source procurements should include SAO comments, recommendations for approval or disapproval, and a brief supporting rationale.

d. Proposed disapprovals will be forwarded to HQDA (DALO-SAC) for review and coordination with DSAA as appropriate.

2-30. Warranties

a. It is DOD policy to obtain for FMS customers the same warranties that the U.S. Government obtains for its own purposes. The following types of warranties are associated with DOD procurements:

- (1) Warranties against defects in workmanship and materials.
- (2) Warranties against design and manufacturing defects.
- (3) Performance warranties.

b. Performance warranties will not be obtained for FMS purchases unless specifically requested in the LOA. Provision of warranties must be agreed to by the contractor, and appropriate costs must be included in the LOA. Purchasers will not be contacted regarding interest in or acceptance of a performance warranty after the case has been accepted unless approved by the USASAC Regional Directorate on a case-by-case basis.

c. If a performance warranty is offered in an LOA, a nonstandard footnote will be used to explain terms and conditions. The cost of warranties provided to FMS purchasers will generally exceed the cost of providing similar warranties to the U.S. Government because of such factors as overseas transportation and tailoring to meet the purchaser's requirements. The provisions of LOA annex A are sufficient for other warranties.

d. The applicability and scope of a warranty may not have been determined at the time the LOA is offered. However, the U.S. Government will exercise, at the customer's request, any rights arising out of warranties connected with a U.S. Government procurement. Time limits for reporting deficiencies relating to contractor warranties are prescribed in contract warranty clauses. These limits supersede time limits imposed by AR 12-12 for governing Reports of Deficiency (RODs).

e. The terms "warranty" and "guarantee" are used interchangeably; however, warranty is the preferred term.

f. The Defense Procurement Reform Act requires DOD to obtain certain warranties under certain conditions. The change of interest to FMS purchasers is included in performance warranties. These warranties will normally apply only to weapon systems. Examples are tracked and wheeled combat vehicles; helicopters; tactical missiles, including launching systems; and command, control, and communications systems.

g. Guidance concerning warranties for the Federal Republic of Germany (FRG) is provided in paragraph 13-9e.

2-31. Excess property

a. Property that is excess to U.S. government requirements may be provided to eligible foreign governments either through the major items materiel excess (MIMEX) program or the Defense Reutilization and Marketing Service (DRMS).

b. The MIMEX program screens major items reported as excess MAP property to determine redistribution requirements. It is operated by DSAA with participation by the military departments.

c. SAOs, or the Defense Reutilization and Marketing Region Europe will report excess MAP major items and secondary items with a value of \$1,500 or more per line item to the proper U.S. Army national inventory control point (NICP). Materiel will be reported on SF 120 (Report of Excess Personal Property).

d. Upon receiving an SF 120 for a secondary item, the NICP will screen for MAP requirements. If none exist, it will then screen for U.S. Army requirements. If the Army has requirements, the NICP will issue disposition instructions to the SAO. If no Army requirements exist, the NICP will return the SF 120 to the SAO, stating that there are no U.S. military or MAP requirements and that the materiel should be transferred to the nearest DRMS activity for disposal according to DOD 4160.21-M.

e. Upon receiving an SF 120 for a major item, the NICP will screen for U.S. military requirements. If none exist, it will then screen for MAP requirements. When the screening is complete, the NICP will inform USASAC (AMSAC-O) of the excess property in writing. The message will—

- (1) Identify each item by nomenclature, NSN, quantity, condition code, standard price, and FMS price.
- (2) Identify the location of the item.
- (3) Estimate repair costs.
- (4) State whether it is supportable in the U.S. logistics system.
- (5) Provide the results of screening. When U.S. military requirements are cited, justification must be included.

f. USASAC (AMSAC-O) will review the NICP submission for adequacy and correctness and will assign a numbered MIMEX offer number. It will then send any MAP or U.S. military requirements to

DSAA for consideration. It will also dispatch a message to address indicating group (AIG) 9057, providing the MIMEX offer numbers and information for each item of excess property. The message will state that countries should—

(1) Request FMS allocation of desired items from DSAA within 20 days.

(2) Provide a rationale for the allocation.

(3) State whether the requirement is to be processed under MAP or FMS.

g. DSAA will inform USASAC of final allocation decisions and provide sufficient information to enable preparation of an LOA, including MIMEX offer number, nomenclature, NSN, quantity, condition code, and FMS value. The appropriate command will prepare the LOA, specifying cash payment terms, and return it to USASAC.

h. If no security assistance or U.S. military requirements exist, the NICP will return the SF 120 to the originating SAO, or Defense Reutilization and Marketing Region Europe, and direct transfer to the nearest DRMS activity for disposal according to DOD 4160.21-M.

i. Preparation of LOAs for purchase of redistributable property located OCONUS will be governed by the following:

(1) Items will be offered "as is/where is." If items are to be shipped in condition other than as stated in the DSAA message, concurrence of the recipient country must be obtained before shipment.

(2) Items will be offered under delivery term code-4 (DTC-4). The purchasing country will pay all inland carrier, loading, unloading, and ocean shipping costs for redistributable MAP property sold under FMS.

(3) Packing, crating, and handling costs will be borne by the purchasing country.

(4) Total costs for items offered will be as cited in the FMS value column of the DSAA message.

(5) The estimated administrative charge will be 3 percent of the estimated cost entered in block 21, DD Form 1513.

(6) Footnotes will be included to inform the purchaser of the following:

(a) The location of the materiel and the in-country activity or office that should be contacted to arrange for shipping.

(b) Publications needed to operate and maintain the item being offered.

(c) That acceptance of the offer does not commit the U.S. Government to accept any separate requests for supplies, repairs, or other logistical support.

(d) That the U.S. Government plans no further parts support for the item, if applicable.

j. The DRMS is responsible for conducting the sale of excess DOD property and disposable MAP property to foreign governments and international organizations. FMS customers can submit requirements or requests for information and assistance to any of the contact points listed in DOD 5105.38-M, paragraph 80201.C.

k. A listing of countries and international organizations eligible to receive declared excess property lists published by DRMS is included in DOD 5105.38-M, paragraph 80201.C.

l. Certain military equipment that has been declared excess by the Secretary of the Army may be provided at no cost to countries designated in sections 516 and 517 of the Foreign Assistance Act of 1961, as amended. Gaining countries, however, are expected to pay all transportation and related charges. Visual inspection requirements explained in chapter 3 may be waived, at the option of the gaining country. Cases prepared for materiel provided at no cost will include the following:

(1) Applicable transportation costs, above the line.

(2) Applicable packing, crating, and handling costs, above the line.

(3) Standard footnote M3.A or M3.B.

(4) A 3 percent administrative charge, applied to transportation and packing, crating, and handling costs only.

2-32. Small procurements

a. When a request for P&A data indicates that requested items

cannot be supplied from stock or immediately obtained by procurement because of limited quantities involved, an appropriate response will be prepared, based on the following considerations:

(1) If a contractor or other source is willing to provide the quantities requested, P&A data obtained from the contractor or other source should be provided.

(2) If a U.S. Government procurement is planned, the estimated costs and procurement lead times should be provided.

b. A response of this type should be furnished whenever an item cannot be—

(1) Supplied from stock during the 210-day period in which P&A data are normally valid.

(2) Purchased from existing contracts or options within the 210-day period.

(3) Included in any new contract during the 210-day period because of the small quantity involved.

c. The foreign country or international organization may decline further action or request purchase based on options included in the response. If a purchase is requested, the procedures specified in DOD 5105.38–M, paragraph 80102 apply.

2–33. Controlled substances

The export of FMS items that include narcotic drugs or other controlled substances is subject to the provisions of the Controlled Substances Import and Export Act and the procedures described in 21 CFR 1312. The following requirements apply:

a. USAMMA must inform FMS purchasers that they must submit appropriate import documentation along with requisitions for narcotic drugs and other controlled substances.

b. Upon receipt of requisitions and accompanying import documents, USAMMA will provide copies of the import documents to the U.S. Drug Enforcement Administration (DEA) and request issue of necessary export permits.

c. Upon receipt of DEA export permits, USAMMA will provide DPSC with the export permit numbers, expiration dates, and port(s) of exportation.

2–34. Nonstandard procurements

a. Nonstandard items are articles of U.S. origin that are not used by the U.S. Armed Forces, do not have an assigned NSN, and are available only from a vendor or contractor.

b. Although AMC MSCs normally procure technically complex nonstandard items, FMS procurements may be made by the New Cumberland Army Depot (NCAD) for any of the following requirements:

(1) Repair parts in support of the Project Manager-Saudi Arabian National Guard (PM–SANG) consisting of nonstandard or commercial items requiring little or no technical procurement support documentation.

(2) ADP equipment support for the Egyptian Logistics Automation Modernization Project.

(3) Any requirement for which procurement by NCAD has been negotiated with the appropriate MSC and concurred in by DESCOM.

c. USASAC–NCAD will prepare blanket order cases for nonstandard items procured by NCAD and coordinate with NCAD as required; other cases will be prepared by the managing MSC.

2–35. Denial of security assistance requests

a. Because denial of a security assistance request can adversely affect diplomatic relations with foreign governments, the proposed denial of any security assistance request from any foreign government must be thoroughly reviewed and coordinated. This guidance applies to all proposed denials of requests for—

(1) FMS purchase or lease of defense articles or services.

(2) Coproduction agreements.

(3) Offset arrangements.

(4) Sensitive technical information.

(5) Small procurements.

b. Proposed responses denying requested support will initially be

sent to USASAC for forwarding through HQDA (DALO–SAZ–A) to DSAA (DSAA–OPS). Complete justification and relevant background information must be included. This does not apply to negative responses to technical inquiries related to open FMS cases unless the request involves a major modification of an existing system or an increase in overall capability that would require an amendment to the basic LOA.

c. The following routine training actions do not need prior coordination; however, DSAA and HQDA (DALO–SAA) will be information addressees on all replies:

(1) Denial of training requests within established policy. This includes training courses that are closed to all foreign nationals, data that is not cleared for release, or training for systems or equipment that are not held by the requesting country.

(2) Class cancellations involving previously approved quotas.

(3) Quota requests that cannot be honored within the timeframe requested.

(4) Senior officer courses in which foreign student participation is limited to persons invited by the Chiefs of Services.

2–36. Repurchase of excess or surplus materiel

FMS materiel that has been declared excess or surplus by the recipient government, including items purchased through a CLSSA, may be repurchased by the U.S. Government to satisfy U.S. requirements. The following procedures apply:

a. The appropriate unified commands and SAOs will be advised of items and quantities required and required delivery dates.

b. The materiel will be repurchased at a mutually agreed fair price, based on AR 37–60. The United States will arrange for and pay any incidental packing, crating, handling, and transportation costs.

c. Replacement items may be provided if requested by the foreign government, subject to availability and any required approvals.

d. Repurchase costs must be funded from Army acquisition programs; the issue of credits to FMS cases as a means of payment is not authorized.

2–37. Local purchases

Because the United States assumes a stewardship responsibility over all funds placed in the FMS system, local purchases made by foreign governments and charged to FMS cases are subject to U.S. law, including retransfer and other restrictions of the Arms Export Control Act. The following policy applies:

a. Local purchases must support the applicable FMS program. Items such as office equipment, training aids, small token awards for individual or unit recognition, and inexpensive supplies or items needed to support system or equipment fielding are considered suitable for local purchase.

b. Purchase of representational or similar items for presentation to other than officers, agents, or employees of the foreign government is not authorized without prior U.S. Government approval.

c. All items purchased must be for use by the armed forces of the foreign government and not for the personal benefit of any military or civilian official that is unrelated to military performance.

d. The country should establish a ceiling on the value of items purchased as performance awards and develop standards for award eligibility in order to preclude the appearance of extravagance and avoid arbitrary implications.

2–38. Release of U.S. manufacturing source information to foreign governments

a. Listings of U.S. manufacturing sources may be considered defense services, within the meaning of the Arms Export Control Act and the Foreign Assistance Act of 1961, as amended.

b. Although manufacturing sources for weapons systems and major end items, assemblies, and subassemblies is generally public knowledge, sources of component and repair parts generally are not, and may require expenditure of considerable time and labor in order to compile. Requests from foreign governments for listings of manufacturing sources will be guided by the following policy:

(1) Requests for information that is readily available and can be assembled with minimal cost may be provided informally.

(2) Requests for information that is not readily available and requires substantial compilation efforts should be developed as FMS cases for defense services.

Chapter 3

Letters of Offer and Acceptance

Section I

Purpose and Use

3-1. Preparation

a. DD Form 1513 is the basis of all FMS cases for defense articles and services, including training. When offered, it becomes an official tender by the U.S. Government.

b. A complete acceptance by the purchaser comprises three elements: a signature by an authorized representative, an initial deposit, and shipping instructions.

c. The defense articles and services offered will be itemized on the LOA.

d. Annex A of the LOA describes general conditions and is an official part of every offer issued.

e. In all FMS cases that involve major systems and end items, the LOA will include all complementing and supporting materiel and services. This precludes negotiating separate cases for each of these items or services, and is consistent with the Total Package Approach (TPA) concept described in chapter 6.

f. Additional terms and conditions to a sales case will be attached to the LOA. All attachments (including notes) become part of the LOA. Other appendixes contain additional terms and conditions that are applicable to LOAs, such as a memorandum of understanding (MOU) or statement of work (SOW) (see para 3-9).

g. If all line items cannot be completely listed on the first page of the LOA, show only the program total and list remaining line items on DD Form 1513C, (U.S. DOD Offer and Acceptance Continuation Sheet).

h. Percentage rates used to determine PCH costs, general administrative costs, and supply support arrangement costs should not be shown in the applicable blocks. (This also pertains to other estimated costs (block 25) if percentage rates apply.)

i. LOAs will be assembled in the following order:

(1) Page 1—DD Form 1513.

(2) Pages 2 and 3—annex A, general conditions.

(3) Page 4 and necessary subsequent pages, including all footnotes.

(4) Annex B—financial annex.

(5) Annexes C through X—as required.

j. Footnotes and annexes that contain narrative information, such as the financial annex, should be placed on plain bond paper of the same size as DD Form 1513C. Prepare all other annexes and line item data on DD Form 1513C. Type the country case designator on each page, beginning 1 inch down from the top and 4 inches in from the right side. Number each page consecutively. At the bottom of each page cite “page of pages,” beginning at a point 1 inch from the bottom and 4 inches from the right side. The number on the DD Form 1513 reflects the total number of pages in the LOA.

k. Instructions for filling in DD Form 1513 are given in DOD 5105.38-M, table 701-9. Case preparers will follow these instructions, except for block 7 (date) and block 8 (expiration date), which will be left blank. USASAC will enter the dates before sending the LOA to DSAA.

l. Chapter 7 gives information on terms of sale and type of assistance codes to be used on the LOA.

3-2. Terms and conditions

a. When signed, the LOA is an official agreement between the

United States and the purchasing nation, containing terms and conditions for furnishing certain goods or services. The DD Form 1513 and its enclosures must therefore provide enough detailed information so that the obligations of the United States and the purchaser are clear. Supplemental information to the general conditions in annex A must be provided for each sale. This is normally accomplished by including all applicable explanatory standard footnotes provided in appendix B. They are cross-referenced to information on the front of DD Form 1513. In the cover letter forwarding the case to USASAC, reference FMS cases that require special or unique footnotes not included in appendix B.

b. When items are requested that cannot be offered, they will not be entered on the DD Form 1513. The items not offered and reasons will be listed in the transmittal letter to USASAC.

3-3. Preparation timeframes

a. A maximum limit of 40 days will normally be allowed for preparation of LOAs, amendments, and notices of modification. Exceptions are as follows:

(1) Emergency LOAs will be prepared as rapidly as possible, regardless of suspense date. Emergency preparation may be required during times of crisis in the requesting country or when there is a need to rapidly fulfill an exceptional commitment in order to uphold U.S. credibility.

(2) Shorter suspenses may be assigned to other-than-emergency LOAs related to urgent country requirements.

b. Except for emergency LOAs, any tasking that does not allow for full preparation time must include justification for expedited processing.

c. Exceptions to the 40-day limit will be allowed only if insufficient information is provided in the LOA tasking. Case preparers will notify USASAC within 15 days if preparation should be suspended because of requirements for additional information. The date of the request will be the starting date of any approved suspension. The length of any approved suspension will not be included in the 40-day limit, and the suspense date will be adjusted as required when the requested information is received.

d. Case preparers will immediately notify USASAC of any factors that may extend preparation time beyond the 40-day limit.

e. It is not necessary to obtain contractor estimates in order to complete preparation of DD Form 1513. Cost estimates provided on short notice may not be reasonable or accurate, and the time required to develop contractor P&A data may not be available because of urgent need or a scheduled U.S. Army procurement action. In these situations, standard footnote P14.C, which states that cost estimates are less exact than desired, will be added to DD Form 1513.

Section II

Supplemental Information

3-4. Supplemental terms and conditions

Depending on the materiel and services involved, additional information will be provided to purchasers in the form of notes or supplemental terms and conditions. Supplementary information is provided in DOD 5105.38-M, table 701-7.

3-5. Transportation instructions

a. The U.S. Government and the purchaser must clearly understand where and how purchased materiel will be shipped. Blocks 19, 20, 33, and 34, DD Form 1513, are used for this purpose under the normal FMS method of shipment. Use of the codes is described in DOD 4140.17-M; however, supplementary instructions regarding transportation are needed to assist purchasers in filling out blocks 33 and 34 properly. See DOD 5105.38-M, table 701-10, for these transportation instructions. DOD 4000.25-8-M identifies transaction instructions.

b. Detailed transportation instructions are provided in chapter 16.

3-6. Delivery schedule

a. Block 18, DD Form 1513, contains the lead time in number of

months from date of implementation to the date the materiel will be available for transportation. Exceptions are as follows:

(1) For major weapon systems, including missiles and major combat vehicles, the number of months entered in block 18 will be from date of implementation until the item is available to transportation. For incremental shipments, the parentheses between the source of supply and condition codes will be left blank and a note number will be placed in parentheses directly under this space. For example, (Note 18) will be placed under P()B. This note number will refer to standard footnote D2, which provides the projected delivery schedule by quantity and lead time (for example, five each, 18 months; five each, 19 months; five each, 22 months).

(2) For items with fixed delivery dates (that is, items that will not be delivered before a specific date or items with a customer-imposed delivery date), the availability date rather than the number of months will be reflected in block 18. The parentheses between the source of supply and condition code will be left blank and the month and year will be placed in parentheses directly under this space. For example, (Mar 91) will be placed under P()B. If a delivery schedule by fixed dates applies, a note providing the schedule by quantity and month/year should be included in the LOA, and the note number should appear in block 18 under the blank parentheses.

b. When a purchaser requires delivery by a specific date, the CPM will inform the preparer in the LOA tasker. If the item cannot be delivered by the country's desired date, USASAC should be informed immediately by telephone. The CPM will advise what action should be taken (suspend the LOA, prepare the case using an availability date, etc.). Otherwise, a required delivery date in lieu of an availability date will be placed directly under S()B in block 18/19 of the DD Form 1513 or 1513-1 (U.S. DOD Amendment to Offer and Acceptance). Standard footnote R8 will be included.

c. The availability date in FMS cases that have been accepted and funded by the customer represents a commitment by the U.S. Government. All delivery commitments must be fully coordinated. The materiel must conform to the standards on the LOA and should be delivered in the agreed time. The following should be referred promptly to USASAC with complete details:

(1) Proposed sales cases that involve the delivery of major equipment that is in short or critical supply.

(2) Deliveries required in less than normal procurement lead time.

(3) Deliveries that conflict with U.S. requirements.

3-7. Price and availability qualifications

Certain P&A data may require a qualifying note. See DOD 5105.38-M, paragraph 70103.H2d.

3-8. Facilities, services, personnel, and safeguards to be provided by purchasers

a. The LOA should stipulate the conditions, such as safety and immunity, required for U.S. personnel to operate. Agreements will vary according to the project and the country. The legal office should provide the appropriate agreements protecting U.S. personnel in a given country.

b. DOD 5105.38-M, table 701-14, provides sample terms and conditions for use in negotiating agreements for programs that involve large numbers of contractors. These conditions may be used as a guide in developing agreements for countries with which there is no status of forces agreement. For countries with which there is an existing status of forces agreement, the provisions of the agreement should be referred to, where applicable.

c. Table 701-14 also contains examples of actions that the purchaser must take regarding facilities, services, or personnel to ensure success of the program. These will vary from program to program. The responsibilities of the U.S. Government and the purchaser must be clearly and completely described in the LOA and its attachments.

3-9. Memorandums of understanding and statements of work

a. A major FMS undertaking may require a memorandum of understanding (MOU) or a detailed statement of work (SOW) before being undertaken by the U.S. Government. These documents should be made a part of the LOA, referenced on the DD Form 1513, and attached as an annex.

b. The LOA should specify, to the extent known, the following:

(1) Number of personnel who will perform the task.

(2) Planned date of arrival in country.

(3) In-country destination and home station.

(4) Extent of in-country travel to perform the mission.

(5) Planned duration of stay in country and planned departure date.

(6) Training aids and shipping costs.

(7) Itemized expenses for each of the following categories for officers, enlisted personnel, DA civilians, and contractors.

(a) CONUS travel.

(b) OCONUS travel.

(c) Station per diem.

(d) Travel per diem.

(e) In-country expenses.

(f) Excess baggage.

(g) Other expenses, such as car rental.

(h) Mileage for a privately owned automobile.

c. The case preparer will forward an information copy of any SOW that relates to a contractor training line on an FMS case to SATFA either concurrently with sending the case to USASAC or as soon as it is available. In the latter case, a brief description of the training to be provided by the contractor will be included in the LOA as a case note. The transmittal letter forwarding the SOW to SATFA will reference the applicable FMS case, but a copy of the case need not be sent.

3-10. Logistical information

LOAs must provide specific information concerning logistical arrangements and support. DOD 5105.38-M, paragraph 70103.H2i explains the types of logistical information required. In addition, LOAs should address the following:

a. The stockage levels of concurrent spare parts (CSPs) should normally be computed at least every 12 months to meet consumption until CLSSA stocks become available. To determine a proper CSP level, a country should consider attrition pending routine replenishment and the desired operating level of repair parts inventory to be maintained. To estimate the quantity of CSPs, the country's consumption should be based on—

(1) Amount of equipment and U.S. usage experience.

(2) Climatic conditions.

(3) Terrain.

(4) Maintenance capability.

(5) Calibration capability.

(6) Other factors peculiar to the country.

b. Basic issue items and special tools peculiar to a requested end item should be included in the LOA for the major end item desired.

c. The cost of support equipment, training, and CSPs may be shown on TPA cases as a percentage of the cost of the end item when data are not available to define the line. When these "dollar lines" are defined, a DD Form 1513-2 must be issued to adjust price estimates shown on the case.

d. Standard footnote C18.A, C18.B, C18.C, or F1.B will be included in cases for standard equipment requiring follow-on support.

3-11. Condition of equipment

a. It is DOD policy that defense articles offered and sold or furnished as Grant Aid to foreign governments and international organizations reflect favorably upon the United States. Therefore, defense articles offered and sold under FMS or supplied as Grant Aid will normally be new or unused or have been restored to their original appearance insofar as possible. The customer must be advised of and approve the use of *other* than new or unused parts

during their restoration. At a minimum they will meet the serviceability standards prescribed for issue to U.S. Armed Forces, except for class V materiel offered for FMS. Quality requirements for class V materiel are contained in SB 742-2. If the country desires exclusively new equipment, the requirement will be stated on the DD Form 1513.

b. Commands and agencies will ensure that the DD Form 1513 fully describes the condition of the items being offered. DD Form 1513, annex A, explains the source of supply. Any known limitations in condition must be stated using the codes in annex A. Codes will be shown in DD Form 1513, column 18. If the country desires to purchase "as is/where is," the following information must be included where indicated:

(1) Block 13: In addition to the Military Articles and Service List (MASL) data, all available information describing the condition of the materiel offered should be included.

(2) Block 18: Source of supply "S" and condition code "A1" must be cited to indicate that items are to be provided in existing condition, without any repairs, restoration, or reconditioning that might be required.

(3) Standard footnote A13.A applies.

c. In describing the condition of items being offered to purchaser, commands and agencies will—

(1) Use condition codes and related explanations in AR 725-50, paragraph C22. If the condition of an item offered on the DD Form 1513 falls within category A1 of annex A, the condition code title and related explanation from AR 725-50 should appear in column 13 following the item description. The item must be held until the FMS case either is accepted or expires.

(2) Correlate the codes and explanations in AR 725-50 and annex A to the DD Form 1513.

d. If for any reason the condition of the items deviates from the condition given on the DD Form 1513 or the dates of manufacture change for ammunition or missiles, the customer must be notified. USASAC CPMs will be provided with a complete description of the materiel. They will ask the customer whether the materiel is acceptable and inform the command case manager (COCM) of the customer's reply. Customer approval must also be obtained if the country requests earlier delivery and a diversion is granted that affects the condition of the materiel or the dates of manufacture for ammunition or missiles.

e. Major items or systems that are offered "as is/where is" will also include an offer to provide a joint visual inspection. The following procedures apply:

(1) A separate line for a joint visual inspection will be added to applicable cases and will include all U.S. Government costs associated with assembling a U.S. team at the depot or storage location for the purpose of conducting a visual inspection with country representatives. Cost will be kept to a minimum.

(2) U.S. representation should be limited to MSC QA and depot maintenance personnel. Participation by USASAC should be considered in unusual circumstances, such as sensitive customers or known problem equipment. Prior coordination with the USASAC Product Assurance Directorate should be effected as necessary.

(3) Standard footnotes I7 and A13.C will be included in cases offering inspection teams.

(4) The following paragraph will be included in the LOA transmittal letter when an inspection team is offered: The enclosed case offers (item description and line number) in "as is/where is" condition. A joint inspection of this materiel, located at (location) is also offered in line number (as appropriate). If the offer of a joint inspection is declined by the Government of (country), the official accepting the LOA must also sign the enclosed agreement to indicate that the potential consequences of declining the joint inspection are understood. Appropriate pen-and-ink changes should be made to the LOA to indicate that acceptance does not include the line item

for a joint inspection. The format for declining a joint inspection is provided in figure 3-1.

WAIVER OF JOINT INSPECTION OF "AS IS" MATERIEL

This waiver establishes that the Government of Pakistan does not desire a joint visual inspection of materiel offered as line item 2, FMS case PK-B-UVA. As a duly authorized representative of this government, I understand that by declining the offer of inspection, my Government will not be provided with any additional information on the condition of the equipment offered over and above the information provided in the Letter of Offer and Acceptance. I also understand and accept the special conditions that apply to purchase of "as is" materiel as stated in the Letter of Offer and Acceptance, and that the U.S. Government does not guarantee serviceability and will not provide repair, restoration, or rehabilitation services in conjunction with this case. Further, the provisions of Note 18 are clearly understood, and that in accepting this offer, my Government waives the right to submit claims based on the condition of the materiel against the U.S. Government through the Department of Defense discrepancy reporting system.

John Doe

Minister of Defense

Figure 3-1. Format for waiver of joint inspection offer

f. Ammunition or missiles offered to FMS customers will be new or as close to new as possible. For items offered from stock, standard footnote M3 will be included to indicate the age or age range of the asset and that items shipped will be last in, first out. The materiel must fully meet FMS standards provided by SB 742-2.

g. If calibration equipment is requested, the country should be told that the instrument must be calibrated to determine its exact condition before operation. The expense of calibration will be borne by the country. If the country decides against calibrating the equipment, it must be informed that serviceability and accuracy of the instruments, and the performance and reliability of the supported systems cannot be guaranteed.

h. When the condition of restored materiel must be described (for example, in sales of retrofitted, overhauled, and rebuilt items), the description should be based on the DMWR or adjusted condition. Materiel is rarely restored to its original tolerance and condition. The explanation on DD Form 1513 will be the same as that on the DMWR. Use abbreviated or summary form. The offering price will include the cost of restoration work performed or requested.

3-12. Identification of equipment supportable under requisition cases

LOAs for all CLSSA and blanket order cases must name the major items of equipment supportable under the case.

3-13. Description of services to be provided

The customer must clearly understand the extent and limitations of the obligation of the U.S. Government when the U.S. Government is providing services under an FMS case. This may require a detailed SOW for major undertakings, but the information below should suffice for routine cases:

a. Description of the service to be performed, together with its purpose.

b. Statement of where and how the service will be performed.

c. Statement of the expected result when the service is completed and any information of which the purchaser should be aware about

U.S. Government reservations or qualifications regarding a successful outcome.

3-14. Single selling price

A single unit selling price will be provided for articles offered under FMS. Normally a detailed description of the components of cost is not included in estimated prices for line items on LOA. However, there may be cases when this information is needed to clarify the service to be provided. Sometimes project offices are set up in CONUS to ensure proper management of major FMS projects. They provide detailed cost data to the purchaser to show that such costs are necessary. Furnishing any cost breakouts beyond a single unit price requires approval by higher headquarters.

3-15. Requisitions for spare parts and other logistical support

a. The U.S. Government and the purchaser must clearly understand which party will prepare requisitions for spare parts and other logistical support.

b. The LOA will contain enough information, either by note or by reference to DOD instructions available to the purchasers, to enable purchasers to prepare and route requisitions correctly.

c. The LOA will also contain adequate disposition instructions for items owned by the purchaser being returned to CONUS for maintenance and repair. (See chap 10 for additional data.)

3-16. Indemnification, assumption of risk, and insurance

a. DD Form 1513, annex A, contains provisions for indemnity. These provisions are satisfactory and complete for most FMS programs. The appropriate legal office will advise on expanding indemnity clauses when required for special circumstances.

b. If additional indemnity clauses are required for transportation, refer to DOD 5105.38-M, tables 701-11 to 701-13.

c. All LOAs offering ammunition will include standard footnote A16.

d. Purchasers will self-insure FMS shipments or obtain commercial insurance without right of any claim against the United States. In rare situations, however, and on request and receipt of written authorization from the purchaser, an Army procurement activity may act on the purchaser's behalf to get pricing quotes and, if necessary, procure the required insurance. Insurance obtained will be billed as a separate line of the DD Form 1513. For FMS cases already implemented, authorized insurance coverage will be added by amendment, DD Form 1513-1.

3-17. Absence of specific information

a. Sometimes LOAs are prepared before specific details are known. In such cases, notes to LOAs will cover the general information and estimated date when specific data can be provided.

b. The LOA should include enough information for follow-on channels of communication between the purchaser and the Army agency responsible for implementing the FMS case.

3-18. Security assurances

a. Standard footnote S3.A will be included in all LOAs offering MTTs, TATs, or TAFTs, except those for NATO, NATO commands and agencies, and the Royal Saudi Land Forces (RSLF).

b. Standard footnote S3.B will be included in RSLF cases for MTTs, TATs, or TAFTs.

c. Standard footnote S3.C will be included in all LOAs for NATO and NATO commands and agencies, but does not apply to separate LOAs with NATO member governments.

3-19. Patent rights

An LOA for the sale of an item with an alleged foreign patent right will include standard footnote P3 if—

a. A person, commercial entity, or foreign country claims ownership of a foreign patent on an item intended for sale or being sold under FMS, and

b. There is reason to believe that a buying country may be subjected to possible claim for a foreign patent infringement.

3-20. Fees and commissions

a. LOAs offered to purchasers that will not accept commissions and fees for agents in FMS cases will include a footnote prohibiting such fees or commissions without approval of purchaser. All other purchasers will be informed of all fees and commissions to be included in FMS contracts before or with submission of the LOA.

b. Sales commissions and fees must be identified when preparing P&A data for a proposed sale. The officer responsible for contracting for the articles or services must have this information. The head of contracting activity (HCA) decides the fee when the contracting officer cannot reach a decision. When sales commissions and fees exceed \$1 million per transaction, HCA will always decide the fee.

(1) If the contracting officer or HCA determines that an agent is not bona fide, for a reason other than reasonableness of fee, no LOA should be tendered while waiting for the prospective contractor to withdraw the fee from the proposal.

(2) If the contracting officer or HCA cannot ensure the reasonableness of potential sales commissions and fees, these charges should be sent to the officials of the foreign government by the most appropriate means. This will be done before or at the time of the LOA.

c. Requests to DSAA for all LOAs or after-the-fact notices for coordination will be made in writing. They will state that the agent is bona fide per the federal acquisition regulation and give the basis for reasonableness or an explanation if it cannot be determined.

d. Standard footnote A8.H must be included in LOAs sent to Australia, Egypt, Greece, Israel, Japan, Jordan, the Republic of Korea, Kuwait, Pakistan, Philippines, Thailand, Turkey, United Arab Emirates, and Venezuela. Standard footnote A8.I applies to Saudi Arabia, and A8.J to Taiwan. These notes are not required in cases prepared by TRADOC ("O" cases) and cases for DA publications ("T" cases).

e. All correspondence to foreign governments that discusses agent fees must be sent to USASAC for coordination with DSAA. Information copies of all these documents will be sent to USASAC. USASAC will send documents to the comptroller, DSAA, for filing.

f. The contracting officer will not accept fees if the purchasing government disapproves. When it cannot be determined before presenting the LOA whether the price quoted includes sales commission and fees, the purchasing government will be notified as soon as possible. This will also be done if, in later contract negotiations, it appears that the contractor will claim these charges. The notification will include the information in paragraph d above. It will also contain a statement that, unless contrary advice is received from the purchasing government within 30 days from the date of the notice, DOD will determine whether to accept such a charge as a valid cost in the contract. The contracting officer will not accept sales commissions and fees before the 30-day period expires.

3-21. Sensitive technology

a. Sensitive technology refers to the unauthorized disclosure or diversion of any equipment, technical data, training, services, or documentation conveyed in an FMS sale that could be detrimental to the national security interests of the United States.

b. The following examples are considered critical technology:

(1) Arrays of design and manufacturing expertise, including technical data.

(2) Keystone manufacturing, inspection, and test equipment.

(3) Keystone materials.

(4) Goods accompanied by sophisticated operations, applications, or maintenance techniques that could make a significant contribution to the military potential of any country or combination of countries that may prove detrimental to the security of the United States. This is also referred to as militarily critical technology.

c. Cases involving international technology transfer of militarily critical technology, including release of technical data and cooperative programs and sales, should be coordinated with command senior intelligence office for technology security assistance. A

statement of whether or not the LOA contains sensitive technology will be included in the transmittal letter to USASAC. USASAC (CPM) will coordinate LOAs containing sensitive technology with USASAC (AMSAC-MI) to determine releasability.

d. Additional information is provided in paragraph 8-4.

3-22. Resale or transfer of defense articles to third countries

LOAs offering defense articles, and amendments adding defense articles to existing LOAs will include the untitled standard footnote at the end of appendix B, except LOAs for training or services that do not include materiel.

3-23. Procurement request order numbers

To reduce procurement lead time, a procurement request order number (PRON) is required for use in planning selected major item procurements when the acceptance of the case is at least 85 percent probable. Procurement planning can be initiated prior to incurring obligations that are directly chargeable to an FMS case. The requirement for a PRON will be addressed when the case preparer is tasked to prepare the LOA. If the probability of country acceptance becomes doubtful, the USASAC regional director can grant a waiver and cancel PRONs in order to avoid unnecessary effort.

3-24. Estimated case closure dates

An estimated case closure date is to be included on all cases. Standard footnote E4 applies. The following methods are to be used in computing the date:

a. Procurement appropriation principal item (FIA code A-Q) cases and Special Defense Acquisition Fund (SDAF) cases in which assets are procured from a contractor for shipment to a depot before shipment to an FMS customer. Add 48 months to the estimated delivery date computed for the case line item with the longest procurement lead time or to the latest date the period of performance ends for contracted services lines, whichever is later. The 48-month period includes 30 months to close out contracts requiring settlement of overhead rates, plus 6 months to complete command/activity actions, 6 months to complete USASAC actions, and 6 months for SAAC to prepare a final DD Form 645 (Foreign Military Sales Billing Statement).

b. Contracted service cases. Add 48 months to the date the period of performance ends. The 48-month period includes 30 months to close out contracts requiring settlement of overhead rates, and 6 months each to complete command/activity actions and USASAC actions and for SAAC to prepare a final DD Form 645A.

c. Other defined order/technical assistance cases. Add 36 months to the estimated delivery date computed for the case line item with the longest procurement lead time. The 36-month period includes 18 months for contract closeout, plus 6 months each to complete command/activity actions and USASAC actions and for SAAC to prepare a final DD Form 645.

d. Blanket order, MSA, and foreign military sales order (FMSO) cases. Add 42 months to the date the case expires or the date the period of performance ends for further requisition actions. The 42-month period includes 24 months of procurement lead time and 6 months each to complete command or activity and USASAC actions, and for SAAC to prepare a final DD Form 645A.

e. Item/service cases from sources other than procurement from commercial vendors, ammunition cases, and SDAF cases in which the assets are procured from the U.S. Army. Add 18 months to either the date the period of performance ends, the date the case expires for further requirements and requisitioning, or the estimated delivery date for the case line item with the longest lead time, whichever applies. The 18-month period includes 6 months each to complete command/activity actions and USASAC actions and for SAAC to prepare a final DD Form 645A.

Section III Military Articles and Services List

3-25. General

a. The Military Articles and Services List (MASL) is a part of the DSAA automated data base. It is the official reference for coding and reporting items and services in the FMS reporting system (RCS DSAA1200). The MASL master file is subdivided by type of data and includes materiel (active and inactive), training (IMETP, FMS-NATO, FMS/IMETP, FMS), and summary.

b. The MASL is arranged in budget activity sequence. All records in the materiel MASL are based on the Federal Supply Classification System. Two types of lines for use in programming are in the materiel MASL:

(1) *Major items.* Specific individual items shown in the MASL with a unit of issue other than "XX."

(2) *Dollar value lines.* Groupings of related items that represent a high density of specific individual items or spare parts with low unit prices.

c. DOD 5105.38-M, table D-7, provides guidance for determining whether a requirement should be placed in the MASL as a major item or included in a dollar value line.

d. Commands and agencies will ensure that correct and current data are in the MASL and that all items are included. DSAA will reject all input data that are not correct. Any changes to the MASL will be sent to USASAC (AMSAC-OL) by the managing activity. USASAC will submit the changes to DSAA.

3-26. Coding

Guidelines for using MASL codes are as follows:

a. For each line item, block (13), enter either the NSN or the pseudonumber shown in the MASL for the line selected.

b. After each NSN entered as a defined line or subline, put in parentheses the appropriation and budget activity (ABA) account code (the second position of the five-position materiel category structure code). This code is shown in the AMDF. For example, 2320-00-926-0873 (L). After each line or subline for a nonstandard item, the ABA code used by each agency will be determined by local policy. USASAC-NCAD will contact the item manager by telephone to obtain the ABA code for requisitions received on blanket order cases for nonstandard items. For all service (non-materiel) lines (for example, program management, MSAs) use the number 3.

c. Below the NSN or pseudonumber, place in parentheses the three-character generic code and the one-character MDE code; for example, (E3K/N).

d. Below the generic and MDE codes, enter the description of the item. This should be taken verbatim from the MASL if it fully describes the item or service. However, if the MASL description is unclear because of abbreviations or similar reasons, enter a clear description. To ensure positive identification, unofficial names or nicknames that are commonly used to identify major defense equipment (MDE) should be included as part of the item description.

e. Identify equipment to be installed on a major end item as sublines under a defined or dollar line even though it is shown as a defined line in the MASL. Do not show generic codes for equipment to be installed on the major end item.

f. Show all items, except CSPs, with the same pseudonumber and generic code as sublines under one dollar line. For NSNs listed as sublines, show the unit cost in parentheses in the unit cost column.

g. Repeat the pseudonumber and generic code as needed for each CSP line; however, group the same pseudonumbers and generic codes in consecutive order. In sublines for CSPs, show the total cost in parentheses in the unit cost column.

h. If more than one subline is needed, use an alpha designator to identify sublines listed under a dollar line except for sets, kits, and outfits (see *k* below). Enter listings of more than 10 items in an annex following the financial annex. If the list exceeds 26 items, continue designators with aa, ab, ac, ad, etc., for the next 26 items; ba, bb, bc, bd, etc., for the following 26 items, and so forth.

i. Enter the availability date and delivery term code (DTC) for each defined line or subline.

j. Show sets, kits, and outfits on the DD Form 1513 (not on an annex) regardless of how many sublines are under the pseudo-NSN. Indicate the availability for each subline.

k. Avoid using sub-sublines if at all possible. If there is no other way to enter the items and it is necessary to show them under a subline for clarity, enter them in an annex.

Section IV Documentation

3-27. Financial analysis

a. All LOAs and amendments for the sale of end items or services must be accompanied by a financial analysis for each line item that contains one or more of the following:

(1) Pricing based on supply from excess or nonexcess stocks, when no replacement is required.

(2) Nonrecurring RDT&E and/or production charges.

(3) A total case value of \$14 million or more.

b. Financial analysis worksheets will also be provided for all SDAF lines. (See para 11-8b(3).)

c. The financial analysis will accompany the LOA when submitted to DSAA for countersignature but will not be sent to the prospective purchaser.

d. A suggested format for financial analysis data is shown in DOD 5105.38-M, table 701-4. The format may be modified to meet the needs of the individual case. The financial analysis must identify methods used in developing costs and provide the information for each line item in enough detail to enable the reviewer to judge the accuracy, completeness, and firmness of the estimated prices. Notes 1, 2, and 3 referred to in table 701-4 are as follows:

(1) Estimate without contractor participation based on recent sale or similar experience of per AR 37-60. Notice should be taken of section 25-7303(A)(2) of the DOD FAR Supplement concerning the participation of the procuring contracting officer in the preparation of price and availability data. The provisions of this section should be complied with.

(2) Explain the basis for making or adjusting estimates from any of the sources. Examples are—

(a) The amount of agents' fees or commissions included in the FMS case. Military department certification that the cost is reasonable (FAR, subpart 3.4, and DOD FAR Supplement, section 25.7305(B)) must be attached. If the fee cannot be certified as reasonable, a notification to the foreign government should also be attached for information or coordination. See paragraph 3-20 for guidance.

(b) Inclusion of nonrecurring RDT&E and production cost recoupment according to AR 37-60.

(c) Replacement cost per AR 37-60.

(d) Inclusion of adjustment for estimated inflation or other risk factors.

(e) Unfunded costs.

(f) Recurring support costs.

(g) First destination transportation costs.

(h) Application of factors for estimating dollar line items such as concurrent spare parts.

(i) Adjustments based on anticipation of the receipt of other orders or DOD procurement that would likely result in shared overhead costs and a reduced price for the item.

(j) Sources of data used to make any of the above adjustments and their application to the case.

(k) A comparison of LOA prices with budgeted or ongoing military department procurement prices, e.g., the selected acquisition report.

(3) A comparison of LOA prices with all other LOA prices for the same item in the previous 12 months. This comparison should not be limited to sales in the same region.

e. A financial analysis is not required for the following:

(1) Individual line items of \$50,000 or less.

(2) Training, services, and secondary or stock fund items.

3-28. Termination liability worksheet

a. Termination liability policy is provided in paragraph 7-19.

b. The termination liability worksheet provides information about the implementing agency's plan for collecting the funds needed to cover U.S. Government liability in case the sales agreement is terminated before completion. Worksheets are initially required for all LOAs with a total case value of \$7 million or more except for the following:

(1) Cooperative logistics (FMSO I and II).

(2) Blanket order spare parts requisitions.

(3) Other equipment or services, including training, to be provided from DOD inventories (source of supply "S").

(4) FMS cases for which prepayment of termination liability has been waived.

(5) Cases having cash with acceptance payment terms.

c. Each Army component should ensure that adequate quality controls exist to ensure the mathematical integrity of termination liability worksheets. Termination liability and contractor holdback reserve requirements must be projected to liquidate by the last scheduled payment.

d. LOAs for cases in b above will be accompanied by three copies of the termination liability worksheet. Any modifications or amendments that contain a revised payment schedule will also include a revised worksheet. USASAC will forward two copies of the worksheet with each applicable DD Form 1513, 1513-1, or 1513-2 sent to DSAA for countersignature. One copy of the worksheet will be held by DSAA and the other will be provided to SAAC for loading into the FMS accounting and billing system (FABS) before implementing the case.

e. DOD 5105.38-M, table 701-5, provides the format for the worksheet. Entries for each sale should show both the quarterly transactions and the cumulative totals. Entries are explained as follows:

(1) *Payment date.* Normally quarterly, according to the schedule of payments.

(2) *Total payment.* Amount required to be deposited for both disbursements and reserves.

(3) *Estimated disbursements.* Expected payments to contractors or suppliers through the end of the quarter covered by the scheduled payment.

(4) *Termination liability.* The amount required to cover the liability of the U.S. Government if the contract is terminated during the quarter covered by payment.

(5) *Contractor holdback.* Amount earned by contractors or suppliers during the quarter covered by the payment but held back to ensure future performance. Contractor holdback and termination liability are included in a single column.

3-29. Recoupment of nonrecurring costs

a. A summary of charges for recoupment of nonrecurring costs, or reasons why such charges are not included, will be provided with all LOAs except for blanket orders, CLSSAs, training, and publications cases. DOD 5105.38-M, table 701-6, shows the format for this summary. The signature should be the same as that in DD Form 1513, block 4. The summary will also be furnished with DD Forms 1513-1 and 1513-2 any time the dollar amount changes. All summary submissions should include the original plus three copies. The USASAC resource manager (AMSAC-R) will validate all nonrecurring cost recoupment charges before the LOA is sent to DSAA. DSAA will review and forward a copy to SAAC for information and retention.

b. All worksheets will be classified per DOD 5105.38-M, paragraph 50202B.4.

3-30. Foreign Military Sales Financial Management Improvement Program Worksheet

All DD Forms 1513, 1513-1, and 1513-2 must include a completed copy of DA Form 5903-R (Foreign Military Sales Financial Management Improvement Program Worksheet). DA Form 5903-R will

be locally reproduced on 8½ by 11 inch paper. A copy for local reproduction purposes is located at the back of this regulation. If the LOA is prepared by computer, the DA Form 5903-R may be electronically generated since all the data required on the DA Form 5903-R are automatically computed. The form number of the electronically generated form will be shown as DA Form 5903-R-E and the date will be the same as the date of the current edition of the printed form. A sample computer printout of a DA Form 5903-R-E is shown in figure 3-2. Instructions for completing DA Form 5903-R are provided in table 3-1. Table 3-2 defines data elements that are essential for inclusion in the Security Assistance Central Accounting System (SACAS).

Table 3-1
Instructions for completing DA Form 5903-R

Item	Instructions
1	Either country or organization code, implementing agency code, and case designator (for example, UK-B-UKA).
2	For a basic case, enter NA. For a DD Form 1513-1 or a DD Form 1513-2, enter the applicable number (for example, A1 or N3).
3	Enter name and AUTOVON number (for example, Mr. John Doe, 505-5555).
4	Enter the date of preparation (for example, 8 Feb 91).
5	Check this block if only one TOS applies. On line 6a, enter the appropriate terms of sale (TOS) code and the dollar amount (cost of materiel/services plus administrative and accessorial charges).
6	Check this block if more than one TOS applies, and enter the TOS codes and associated and accessorial charges). If there are more than three TOSs, rank them in order of dollar value. Enter the largest on line 6a and the second largest on line 6b. On line 6c enter a "J" in the code column and the cumulative amount of the remaining TOSs in the amount column.
7	This amount is the sum of the values in the amount column. This amount should equal block 26 of DD Form 1513, block 27b of DD Form 1513-1, or block 24b of DD Form 1513-2.
8	Enter lines to which no administrative charges apply.
	Enter lines to which a 3 percent administrative charge applies.
10	Enter lines to which a 5-percent administrative charge applies.
11	Check this block if a contract administrative surcharge (CAS) does not apply to any line.
12	Check this block if a CAS applies to any line. Check this block also if a CAS applies but has been waived. In the line and amount columns, enter the line and amount of CAS for each line.
13a	If a CAS has not been waived, enter the applicable line numbers. SAAC will apply the full 1.5 percent CAS.
13b	If the 1 percent CAS has been waived, enter the applicable line numbers. SAAC will apply a .5 percent CAS.
13c	If the .5 percent CAS has been waived, enter the applicable line numbers. SAAC will apply a 1-percent CAS.
13d	If all CASs have been waived, enter the applicable line numbers. SAAC will not apply a CAS.
14	Check this block if a logistics support charge (LSC) does not apply to any line.
15	Check this block if an LSC applies to any line. Enter the line and amount for each line that includes an LSC.
16	Check this block if the surcharges applied by SAAC (administrative, accessorial) will be computed based on the DD Form 1517 report.
17	Check this block if the surcharges applied by SAAC are not to be computed based on the DD Form 1517 report. Enter lines for which SAAC is not to compute charges; for each line also enter the fixed price code from the SACAS data elements sheet.
18	Check this block if the estimated disbursements on the financial annex by date are the same as the payment schedule (or if payment schedule is changed by an amendment or modification). Estimated disbursements will be reported to SAAC equal to the payment schedule.
19	Check this block if the case requires a termination liability worksheet. Attach a copy. Estimated disbursements will be reported to SAAC based on values in the worksheet. (Note: the copy of the termination liability worksheet attached to DA Form 5903-R is in addition to the number of copies normally required.)
20	Check this block if there is no change to the payment schedule on DD Form 1513-1 or 1513-2.

Table 3-2
Essential data elements for the Security Assistance Central Accounting System

Element Name/Description	Mnemonic/ Report caption	Field size	Transaction
307 TOS Amount—(Ordered value; up to three occur). When a case has multiple TOSs, the total ordered value is broken down by TOS and the amount applicable to each TOS is entered in the corresponding TOS field. TOS amounts equal the cost of materiel/services plus administrative and accessorial charges.	AMT-TRMS-SALE	14N Case Level	CA
366 TOS Code—A code indicating when payments are required and how the agreement is to be financed. One or more of the following codes will be indicated: A—Cash with acceptance. B—Cash prior to delivery. C—Dependable undertaking. D—Payment on delivery. G—FRG/U.S. Treasury deposit account. H—Payment 120 days after delivery. J—Combination (if more than three; use as third, fourth, etc.). M—FMS MAP. N—FMS credit (non-repayable).	TRMS-SALE-CD	14N Case Level	CA

Table 3-2
Essential data elements for the Security Assistance Central Accounting System—Continued

Element Name/Description	Mnemonic/ Report caption	Field size	Transaction
T—Third-country financing. Z—FMS credit.			
047 Admin Percentage—An OSD-prescribed percentage that is applied by SAAC to logistical delivery reports to compensate for administrative costs (3%, 5%).	ADMIN-PRCNTG	3X Line Level	CB
039 Amount Ordered CAS—The amount of CAS that is included in the price of the line. Applicable only to lines where CAS is included.	AMT-ORD-CAS	14N Line Level	CB
368 CAS Percentage—The percentage factor to be used in computing the CAS charge. If no waiver, the full 1.5% applies. If waiver is approved, indicate amount that is still applicable.	CAS-PRCNTG	3N Line Level	CB
497 LSC—The amount of LSC that is included in the price of the line. Applicable only to lines where LSC is included.	AMT-ORD-LSC	14N Line Level	CB
367 Fixed Price Code—A code used to suppress selected computation of accessorial or admin costs for specific line numbers based on the DD Form 1513. These codes will be indicated to identify charges which SAAC is not to compute: 1—Admin and accessorial charges. 2—Accessorial charges. 3—Transportation. 4—Transportation and PCH. 5—Asset use.	FIX-PRC-CD	1X Line Level	CB
408 Amount Payment Schedule Estimated Disbursements—The dollar value of that portion of the quarterly payment schedule from the customer required to cover estimated disbursements. (If a termination liability worksheet is used, the estimated disbursements can be taken from column c. If a worksheet is not used, the estimated disbursements will be the same as the quarterly payment (forecasted requirements) shown on the financial annex.)	AMT-PYMT-SCHED EST-DISB	14N Case Level	CC

FOREIGN MILITARY SALES FINANCIAL MANAGEMENT IMPROVEMENT PROGRAM WORKSHEET

For use of this form; see AR 12-8, the proponent agency is DCSLOG.

Case UKBYTA AMD/MOD No.

Command Case Manager AMCCOM

Date Prepared 09/13/90

SECTION I - CASE LEVEL DATA

Terms of Sale (TOS) Code/Amount

Code	M	\$ Amount	559,638
Code	C	\$ Amount	297,149
Code	J	\$ Amount	11,200

Case Value \$ Amount	867,983
----------------------	---------

SECTION II - LINE LEVEL DATA

LINE NO	ADMIN PCT	CAS AMT	CAS PCT	LSC AMT	LSC PCT	FIX PRICE
0001	3.00%	XXX,XXX,XX	1.00%	3,850.00	5.00%	
0002	3.00%		1.50%	104.16	6.00%	
0003	3.00%		50%	104.00	10.00%	
0004	3.00%		%	210.00	14.00%	
0005	3.00%		1.00%	208.49	10.00%	
0006	3.00%		50%	11.58	10.00%	
0007	3.00%		%		%	
0009	3.00%		%	8,300.00	14.00%	
0010	3.00%		%		%	
0011	3.00%		%		%	
0012	3.00%		%		%	
0013	3.00%		%		%	
0013	3.00%		%		%	
0013	3.00%		%		%	
0015	3.00%		1.50%		%	
0016	%		%		%	1

SECTION III - PAYMENT SCHEDULE

Amount Payment Schedule Estimated Disbursements

Same as Financial Annex

See termination liability worksheet (attached)

X No change to payment schedule
(applicable to amendments/modifications)

DA FORM 5903-R-E, AUG 90

Figure 3-2. Example of an automated Foreign Military Sales Financial Management Worksheet

Chapter 4 Amendments and Modifications

Section I Amendments

4-1. Purpose and use

a. Normally, increases in scope of an existing LOA will be treated as a new LOA. An increase in scope is any change that adds to the articles or services to be provided under the LOA. However, when these changes are minor, U.S. interests may better be served by amending the existing LOA. DD Form 1513-1, United States Department of Defense Amendment to Offer and Acceptance will be used for minor changes.

b. DD Form 1513-1 will be processed like the DD Form 1513 with regard to dating, signature, and number of copies.

c. Amendments to LOAs reported to the Congress will include in block 11 the identifying DSAA transmittal number used in the statutory notification.

d. Countersignature credit, MAP, SPAF, is required for all amendments involving FMS or third country financing. It is also required for amendments involving congressional notifications and increases in overall case value. Other amendments do not require countersignature. Copies of amendments issued without DSAA countersignature will be sent to SAAC (FRSC) on release to the country. In addition a copy will be sent to DSAA (COMPT/FMD) for amendments involving Jordan, Spain, Taiwan, Pakistan, and Egypt.

e. Amendments that increase the original case value by more than \$50,000 must be entered in the LOR system.

f. The purchaser should be advised by either an amendment or modification, as applicable, for any extension exceeding 90 days. This includes, for example—

- (1) Extension of a period of training.
- (2) Delay in the departure and return of in-country assistance teams.
- (3) Extension of the order period for a blanket order case, which may or may not increase costs.
- (4) Delay in delivery because of production slippage when a contract has not been awarded.
- (5) Extension of performance schedule for repair and return of contracted items.
- (6) Increase in the performance time of service cases that may or may not result in an increase in cost. Case performance is based on the case line with the longest lead time established in block 18 of DD Form 1513.

4-2. Terms and conditions

All DD Forms 1513-1 will include a copy of annex A. Alternatively, standard footnote T8 may be added.

4-3. Initial deposit and financial annex

Initial deposits and financial annexes will be handled as follows:

a. When an initial deposit is required to cover costs of the added articles or services, use the method described in DOD 5105.38-M, paragraph 70212.B to determine the period the initial deposit should cover. Show the initial deposit requirement in the right corner of block 28 by typing “(28a) Initial Deposit (this amendment): \$XX, XXX.00.”

b. Cite any initial deposit required with acceptance in paragraph 6 of the financial annex. If no initial deposit is required, place a zero in paragraph 6.

c. In paragraph 9 of the financial annex, under Estimated Payment Schedule, enter the following if there is an upward adjustment:

- (1) Cumulative to date (15 Dec 199X).
- (2) Initial deposit (this amendment) if required.
- (3) Balance of payment schedule, if applicable.

d. In paragraph 9 of the financial annex, under Estimated Payment Schedule, enter the following if there is a downward adjustment:

- (1) Cumulative to date (15 Jun 199X).
- (2) Revised cumulative to date.
- (3) Balance of payment schedule, if applicable.

4-4. Preparation instructions

Preparation instructions for DD Form 1513-1 are provided in DOD 5105.38-M, table 804-1. USASAC procedures require leaving blocks 8, 9, and 11 blank. This information will be added later by USASAC and DSAA. For information requested in blocks 13 to 21 (description of amended items), USASAC requires that all changes show two entries: previous and revised. Figure 4-1 gives an example of how to present this information.

4-5. Financial coordination

The financial performance of the lines in a case should be analyzed and the lines balanced to the case value, retaining sufficient funds for future commitments. If either rebilling or an adjustment to obligation authority is required, it should be accomplished expeditiously. All amendments will be coordinated with the case preparer's resource manager. The letter of transmittal will include a statement advising that this was done.

Section II Modifications

4-6. Purpose and use

a. An accepted LOA may be modified to reflect changes that do not constitute a change in scope, except for decreases resulting from deletion of an item. DD Form 1513-2, United States Department of Defense Notice of Modification of Offer and Acceptance, is used to process and document modifications. Acceptance by the customer is not required but should be acknowledged to ensure it has been received.

b. DD Form 1513-2 will be used to make the types of changes detailed in DOD 5105.38-M, paragraph 80403. It will also be used when the source of supply changes. This paragraph also provides guidance as to whether coordination and countersignature are required.

c. Copies of modifications that are exempt from countersignature will be sent to SAAC (FRSC).

d. Rules that govern processing of DD Form 1513 (such as dating, signature, and number of copies) also apply to DD Form 1513-2.

e. Notes added to DD Form 1513-2 will be numbered in sequence from the last numbered note included in basic DD Form 1513, as amended or previously modified.

f. Modifications to LOAs reported to Congress will include in block 10 the identifying DSAA transmittal number used in the statutory notification.

4-7. Terms and conditions

Each DD Form 1513-2 submitted will include a copy of the original case annex A. Alternatively, standard footnote T8 may be added.

4-8. Financial annex

The financial annex will be prepared as follows:

- a. Place a zero in paragraph 6.
- b. Complete paragraph 9 by entering the cumulative to date (15 Dec 199X) and the balance of payment schedule under “Estimated Payment Schedule,” if applicable.

4-9. Preparation instructions

a. Specific instructions for completing DD Form 1513-2 are given in DOD 5105.38-M, table 804-2. USASAC procedures require that blocks 8 and 10 be left blank, to be completed later by USASAC and DSAA.

b. The information requested in blocks 12 through 18 will be presented as shown in figure 4–2.

c. When a modification is required because the obligation authority exceeds the net case value (block 21), less any logistics support charge (LSC) and contract administrative surcharge (CAS) costs included above the line, rationale for the increase must be included in block 11. If the increase is due partially or totally to the addition of LSCs, the following note will be included in block 11, in addition

to any other justification: “Modification is required because overall case costs have exceeded original estimates.”

4–10. Financial coordination

The financial performance of the lines in a case should be analyzed and the lines balanced to the case value, retaining sufficient funds for future commitments. If either rebilling or an adjustment to obligation authority is required, it should be accomplished expeditiously. All modifications will be coordinated with the case preparer’s resource manager. The letter of transmittal will include a statement advising that this was done.

UNITED STATES DEPARTMENT OF DEFENSE AMENDMENT TO OFFER AND ACCEPTANCE				(1) PURCHASER (Name and Address) (Zip Code)																																																			
(2) PURCHASER'S REFERENCE		(3) AMDT NO.		(4) CASE IDENTIFIER																																																			
OFFER TO AMEND																																																							
Pursuant to the Arms Export Control Act, the Government of the United States (USG) hereby offers to amend the above case for the purchase of defense articles and defense services subject to all other terms and conditions of the original case remaining unchanged.																																																							
(5) Signature (US Dept./Agency Authorized Representative)				(10) Countersignature (Office of the Comptroller, DSAA) (Date)																																																			
(6) Typed Name and Title				(11) Typed Name and Title																																																			
(7) ADDRESS																																																							
(8) DATE:																																																							
(9) THIS OFFER TO AMEND EXPIRES:																																																							
NOTE: This Amendment to Offer must be accepted not later than the date shown in block 9. Within five (5) days of its acceptance, you must so notify the Office of the Comptroller, DSAA. Otherwise, this Amendment to Offer is cancelled and retention of initial deposit by offerer pending disposition instructions shall not be deemed a waiver of such cancellation. Request prompt notification if this offer is rejected.																																																							
(12) DESCRIPTION AND REASON(S) FOR AMENDMENT																																																							
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th rowspan="2">ITEM OR REF. NO. (13)</th> <th rowspan="2">ITEM DESCRIPTION (Including Stock Number if applicable) (14)</th> <th rowspan="2">QUANTITY (15)</th> <th rowspan="2">UNIT OF ISSUE (16)</th> <th colspan="2">ESTIMATED</th> <th rowspan="2">AVAILABILITY AND REMARKS (19)</th> <th rowspan="2">OFFER RELEASE CODE (20)</th> <th rowspan="2">DELIVERY TERM CODE (21)</th> </tr> <tr> <th>UNIT COST (17)</th> <th>TOTAL COST (18)</th> </tr> </thead> <tbody> <tr> <td>PREVIOUS 10</td> <td>493500TOWSHOP (G) (BIJ/N) Laminar Flow Bench P/N T1045170</td> <td>1</td> <td>SE</td> <td>(\$10,034.32)</td> <td>\$10,035</td> <td>P(24)B Note 10 TA5</td> <td></td> <td>2</td> </tr> <tr> <td>REVISED 10</td> <td>NA*</td> <td>2</td> <td>NA</td> <td>NA</td> <td>\$20,069</td> <td>P(30)B Note 10 TA5</td> <td></td> <td>NA</td> </tr> <tr> <td>ADDED 26</td> <td>493500TOWSHOP (BIJ/N) a. 1450010876456 (T) Power Cable Assembly</td> <td>5</td> <td>EA</td> <td>(\$314.46)</td> <td>\$1,573</td> <td>S(6)B Note 39 TA3</td> <td></td> <td>2</td> </tr> <tr> <td colspan="9">*Not Applicable</td> </tr> </tbody> </table>									ITEM OR REF. NO. (13)	ITEM DESCRIPTION (Including Stock Number if applicable) (14)	QUANTITY (15)	UNIT OF ISSUE (16)	ESTIMATED		AVAILABILITY AND REMARKS (19)	OFFER RELEASE CODE (20)	DELIVERY TERM CODE (21)	UNIT COST (17)	TOTAL COST (18)	PREVIOUS 10	493500TOWSHOP (G) (BIJ/N) Laminar Flow Bench P/N T1045170	1	SE	(\$10,034.32)	\$10,035	P(24)B Note 10 TA5		2	REVISED 10	NA*	2	NA	NA	\$20,069	P(30)B Note 10 TA5		NA	ADDED 26	493500TOWSHOP (BIJ/N) a. 1450010876456 (T) Power Cable Assembly	5	EA	(\$314.46)	\$1,573	S(6)B Note 39 TA3		2	*Not Applicable								
ITEM OR REF. NO. (13)	ITEM DESCRIPTION (Including Stock Number if applicable) (14)	QUANTITY (15)	UNIT OF ISSUE (16)	ESTIMATED		AVAILABILITY AND REMARKS (19)	OFFER RELEASE CODE (20)	DELIVERY TERM CODE (21)																																															
				UNIT COST (17)	TOTAL COST (18)																																																		
PREVIOUS 10	493500TOWSHOP (G) (BIJ/N) Laminar Flow Bench P/N T1045170	1	SE	(\$10,034.32)	\$10,035	P(24)B Note 10 TA5		2																																															
REVISED 10	NA*	2	NA	NA	\$20,069	P(30)B Note 10 TA5		NA																																															
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*Not Applicable																																																							
				(a) PREVIOUS COST		(b) AMENDED COST																																																	
(22) ESTIMATED COST				\$		\$																																																	
(23) ESTIMATED PACKING, CRATING, AND HANDLING COSTS				\$		\$																																																	
(24) ESTIMATED GENERAL ADMINISTRATIVE COSTS				\$		\$																																																	
(25) ESTIMATED CHARGES FOR SUPPLY SUPPORT ARRANGEMENT				\$		\$																																																	
(26) OTHER ESTIMATED COSTS (Specify)				\$		\$																																																	
(27) ESTIMATED TOTAL COSTS				\$		\$																																																	
(28) TERMS																																																							
ACCEPTANCE OF AMENDMENT																																																							
(29) I am a duly authorized representative of the Government of _____ and upon behalf of said Government,																																																							
accept this offer to amend under the terms and conditions contained herein (30) this _____ day of _____ 19 _____.																																																							
(31) TYPED NAME AND TITLE				(32) SIGNATURE																																																			

DD FORM 1513-1
1 MAR 78

PREVIOUS EDITIONS MAY BE USED
UNTIL EXHAUSTED.

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U.S. Government Printing Office: 1980-241-545/6097

Figure 4-1. Sample of amended items listed on DD Form 1513-1, blocks 13 through 21

UNITED STATES DEPARTMENT OF DEFENSE				(1) PURCHASER (Name and Address (ZIP Code))		
NOTICE OF MODIFICATION OF OFFER AND ACCEPTANCE						
(2) PURCHASER'S REFERENCE		(3) NOTICE NO.		(4) CASE IDENTIFIER		
NOTICE OF MODIFICATION						
Pursuant to the Arms Export Control Act, the Government of the United States (USG) hereby notifies the purchaser of modification of the above designated case. All other terms and conditions of the original case remain unchanged.						
(5) _____ SIGNATURE (US Dept./Agency Authorized Representative) (6) _____ Typed Name and Title (7) ADDRESS: _____ (8) DATE: _____				(9) _____ COUNTERSIGNATURE (Office of the Comptroller, DSAA) (Date) (10) _____ Typed Name and Title		
(11) DESCRIPTION OF AND REASON(S) FOR MODIFICATION						
ITEM OR REF NO. (12)	ITEM DESCRIPTION (Including Stock Number, if applicable) (13)	QUANTITY (14)	UNIT OF ISSUE (15)	ESTIMATED		AVAILABILITY AND REMARKS (16)
				UNIT COST (18)	TOTAL COST (17)	
PREVIOUS						
17	9K4A00HANDTOL (K4A/N)				\$126,963	
	a. 5180001793575 (C) Tool Kit, GM Maintenance, TOW	1	EA	(\$40,962.66)		P(36)B Note 21 TA5
	g. 5180010246067 (G)	2	EA	(\$12,415.30)		P(21)B TA5
REVISED						
17	NA*				\$102,424	
	a. NA	NA	NA	(\$41,254.75)		P(45)B Note 21 TA5
	g. DELETED					
* Not Applicable						
RECAPITULATION OF TOTAL DD FORM 1513 (D. 1513-1)		(M) PREVIOUS COST		(N) REVISED COST		
(19) ESTIMATED COST		\$		\$		
(20) ESTIMATED PACKING, CRATING AND HANDLING COSTS		\$		\$		
(21) ESTIMATED GENERAL ADMINISTRATIVE COSTS		\$		\$		
(22) ESTIMATED CHARGES FOR SUPPLY SUPPORT ARRANGEMENT		\$		\$		
(23) OTHER ESTIMATED COSTS (Specify)		\$		\$		
(24) ESTIMATED TOTAL COSTS		\$		\$		
ACKNOWLEDGEMENT OF RECEIPT						
(25) I am a duly authorized representative of the Government of _____ and upon behalf of said Government acknowledge receipt of the notice of modification (26) this _____ day of _____ 19____.						
(27) TYPED NAME AND TITLE			(28) SIGNATURE			

DD FORM 1513-2

PREVIOUS EDITIONS MAY BE USED UNTIL EXHAUSTED

PAGE 1 OF PAGES

Figure 4-2. Sample of modified items listed on DD Form 1513-2, blocks 12 through 18

Chapter 5 Processing Procedures

Section I General

5-1. Letters of Request

a. When an LOR is received for articles or services other than major weapon systems listed in figure 5-1, USASAC will—

(1) Validate the LOR to ensure that the customer is an eligible FMS recipient, that the item or service may be sold, and that the request was received through proper channels (para 2-2).

(2) Assign case identifiers to all LORs except for training and CLSSA cases. SATFA and AMSAC-OL will assign their own identifiers.

(3) Transmit unclassified LOR by datafax to the case preparer for preparation of the case. Send information copies to the supporting commands and SATFA, if applicable.

(4) Formally acknowledge receipt of the LOR within 5 days.

(5) Enter information in the Security Assistance Case Tracking System (SACTS), through the tasker, within 4 workdays.

(6) Process the LOAs that meet the thresholds for reporting to Congress per chapter 8.

(7) Submit the LOA to DSAA for coordination and/or counter-signature within 60 days from date of receipt of a sufficiently defined LOR; respond earlier whenever possible.

b. When an LOR for an LOA is received for those major weapon systems in figure 5-1, USASAC will—

(1) Validate the LOR to ensure that the customer is an eligible FMS recipient, that the system may be sold to the customer, and that the request was received through proper channels.

(2) Identify the lead or performing MSC.

(3) Transmit the unclassified LOR by datafax within 24 hours of receipt to the international logistics (IL) or security assistance directorate of the lead command with information copies to the supporting commands, SATFA, and the requesting country. In the transmittal USASAC will direct the lead command to hold a joint handoff conference within 5 workdays.

(4) Conduct the joint LOR handoff conference with the IL or security assistance directorate and the project manager or program executive officer as appropriate, supporting commands, and SATFA. The SAO may also be invited as required.

(5) At the conclusion of the handoff conference, formally task the IL or security assistance directorate of the lead command to prepare the basic LOA. The time period for preparing the LOA begins at this time. Milestones for completing LOAs will be set by USASAC, taking into consideration that the lead command must often define the precise requirement with the customer.

MAJOR WEAPON SYSTEMS

AIRCRAFT

Apache
Blackhawk
Chinook
Cobra

ARTILLERY

155-mm howitzer (SP) M109
155-mm howitzer (towed) M198
8-in howitzer (SP) M110

COMBAT VEHICLES

M2 Infantry (Bradley) Fighting Vehicle
M1A1 Main Battle Tank

COMMUNICATIONS/RADAR

AN/TPQ-36
AN/TPQ-37
SINCGARS
Mobile Subscriber Equipment (MSE)

MISSILES

Chaparral
Hawk
Multiple Launch Rocket System (MLRS)
Patriot
Stinger
TOW

Figure 5-1. List of major weapon systems

c. Participants at the joint LOR handoff conference will—

(1) Assess the LOR to ascertain the measures that must be undertaken to ensure that the LOR is complete and meets the customer's requirement.

(2) Assess the need for an in-country requirement survey.

(3) Address the application of the TPA concept, 36b process, exception to the National Disclosure Policy (NDP), etc.

(4) Address training requirements.

(5) Assess the need to establish a new MSA, blanket order, or CLSSA case to support the weapon system in the future.

(6) Define the precise channels for communicating among the SAO, lead command, and USASAC.

(7) Address the manpower and funding resources required to execute the program.

d. Responsibilities of the lead command in FMS case management of major systems are in paragraph 5-3f.

e. After case implementation, USASAC-NCAD will issue requisitions and will periodically provide the lead command with summary status reports, both logistical and financial, highlighting problem areas.

f. SATFA will provide the lead command with periodic status reports on training.

g. The procedures in *b*, *c*, *d*, *e*, and *f* above are designed for first fielding of the specified major weapon systems in a foreign country. Subsequent sales, where the country already has the system in its inventory, will not normally fall under the purview of these instructions.

5-2. Assignment of case identifiers

a. DD Forms 1513 and leases will be assigned case identifiers that consist of the country code, the implementing agency code, and a trialpha sequence designator. Separate identifiers will be assigned to each case by country as shown in the following example:

(1) KS-B-UAA, UAB through UAZ.

(2) KS-B-UBA through UBZ.

b. Block assignments are—

(1) AAA-AZZ USASAC.

(2) BAA-BZZ USASAC (blanket order cases).

(3) CAA-CZZ USASAC (CLSSA).

(4) DAA-DZZ DLSC (disposal cases).

(5) EAA-EZZ USASAC (Signal Electronic Procurement Office (SELPO)).

(6) FAA-FZZ USASAC (SELPO).

(7) GAA-GZZ USASAC (SELPO).

(8) HAA-HZZ USACE (U.S. Army Corps of Engineers).

(9) IAA-IZZ USASAC.

(10) JAA-JZZ USASAC (SDAF).

(11) KAA-KZZ USASAC (CLSSA).

(12) LAA-LZZ USASAC (leases).

(13) MAA-MZZ USAMMA (medical).

(14) NAA-NZZ USASAC (coproduction cases).

(15) OAA-OZZ SATFA (TRADOC) (training cases).

(16) PAA-PZZ USASAC (planning cases).

- (17) QAA-QZZ USASAC (Europe).
- (18) RAA-RCZ USASAC (Pacific).
- (19) RDA-RYZ USASAC (logistic exercises).
- (20) RZA-RZZ USASAC (contingency—war reserve stocks for allies).
- (21) SAA-SZZ USASAC (SOUTHCOM).
- (22) TAA-TZZ USASAC (DA publication cases).
- (23) UAA-ZZZ USASAC.
- c. Duplicate case designators will not be assigned.
- d. When all the case designators are used, Army agencies will ask USASAC (AMSAC-MP) to assign more blocks.

5-3. Performing or lead command

a. DD Forms 1513 that contain complete weapon systems or major items of equipment that need installed or mounted items to complete the end item are assigned to a certain command designated the performing or lead command. The lead command will request LOA data from supporting commands to ensure that the data are valid. The number of days the supporting commands will be allowed to provide LOA data will depend on when the data are required by the performing or lead command. Since the completeness of this data is very important, DD Form 1513C should be used in exact format. The LOA data elements are as follows:

- (1) NSN or pseudo-NSN.
- (2) Nomenclature.
- (3) Availability lead time, to include administrative, procurement, and testing, when required, stated in months.
- (4) Source of supply and condition.
- (5) Generic or MDE codes.
- (6) Supportability statement.
- (7) Financing appropriation (required if item is a defined line on DD Form 1513).
- (8) Cost elements:
 - (a) Nonrecurring production.
 - (b) Nonrecurring RDT&E.
 - (c) Publications, if included as part of the sale.
 - (d) MPA (2.7 percent).
 - (e) Unfunded OMA (13.4 percent).
 - (f) Rentals.
 - (g) Transportation.
 - (h) Hardware base price. Estimated unit billing price in dollars.
 - (i) Other (identify).
 - (9) Quantity.
 - (10) Extended price.

b. Participating commands that receive requests from the performing commands for input must provide technical suggestions and advice with regard to the models and types of equipment in in-country inventory. Input that applies to end items or services to be included in the case must be provided in time for adequate preparation of the LOA. This input includes P&A data, source of supply, standard footnotes, publications, DD Form 2060 (Foreign Military Sales (FMS) Obligational Authority) data, and special considerations.

c. The major item delivery data will be cited on the P&A request. If equipment, services, or training cannot be furnished in a timeframe compatible with the major item schedule, the command responsible for ancillary items or services must send the following data to USASAC:

- (1) A statement that the ancillary equipment cannot be furnished from normal procurement to meet the availability of the end item.
- (2) The estimated date of award of the planned competitive procurement and estimated delivery date.
- (3) A statement that the foreign government has three options:
 - (a) To authorize sole source procurement to meet the end item availability date.
 - (b) To accept the major end item less the ancillary equipment and install the ancillary equipment in country when available; include an estimate of any additional costs such as transportation and storage.
 - (c) To authorize storage in CONUS of the major end item until

the ancillary equipment can be installed; include the estimated cost of depot or contractor storage and maintenance.

(4) A statement that FMS case preparation is suspended until a decision is received from the foreign government. USASAC will request the country to select one of the options in c(3) above. A statement should be included that if the host country selects sole source procurement, an official of the host country must sign a letter requesting that procurement (para 2-29).

d. When USASAC regional directorates receive a request for major end items, they will give a copy to the SATFA Washington Liaison Office (ATFA-WLO). A copy will also be sent to SATFA, HQ TRADOC, to initiate the TPA process. For TPA cases, SATFA should be viewed as a supporting command with active coordinating and programming coming from the performing or lead command. The SATFA Washington Liaison Office will note any special considerations for taskers to performing or lead commands. A continuing dialogue will be maintained to ensure that training requirements are considered together with materiel requirements. Commands that prepare end item cases must communicate TPA requirements directly to the desk officer at SATFA, HQ TRADOC. Of particular interest are quantities, projected delivery dates, and configuration.

e. USASAC-O is the performing command for blanket order cases ("B" designator), CLSSAs, DA publications, and items managed by DLA and the General Services Administration (GSA).

(1) USASAC will refer LORs containing more than 25 items to AMSAC-O for identification of NSNs and annotation of supply sources.

(2) When the LOR contains DLA or GSA items and/or secondary items managed by different MSCs, the LOA will be prepared by AMSAC-O unless 10 or more secondary items are the management responsibility of a single MSC or the LOR includes major items or services. The request will then be annotated to show the responsible MSC(s) and returned to USASAC. A separate case will be assigned to the specified MSC(s) for those items. Price and availability for DLA items will be computed by the case preparer using the standard AMDF price plus a 3.1 percent LSC, if applicable.

(3) For medical items that have a "C" in the first position of the Army Materiel Category Structure Code, the case preparer will normally be USAMMA. If the items are included in a LOR for numerous DLA or GSA items and the USAMMA items number less than 10, they may be included in a USASAC case.

(4) Source of supply for DLA items will normally be "X," except for sole source procurements, which require a source code of "P."

(5) Availability of DLA items for other than CLSSA requirements, such as blanket order cases, is 12 months.

(6) The following types of DLA items should be offered on blanket order cases whenever possible, since they are more cost efficient than when ordered on defined line cases:

- (a) Clothing and textiles (S9T).
- (b) Medical (S9M), subject to restrictions defined in paragraph 5-3e(3).
- (c) Subsistence (S9S).
- (d) Bulk POL.
- (e) DLA-supplied repair parts.
- (7) Except for DLA-supplied repair parts, prior coordination between USASAC-NCAD and the appropriate Defense Supply Center is required to ensure that DLA is aware of forthcoming requirements.

f. The lead command for the major weapon systems in figure 5-1 will—

(1) Determine the articles and services that will be included on the basic case and task other commands to prepare support cases; for example, SAFTA for training. Case designators for the basic and support cases will be provided to the lead command by USASAC.

(2) After countersignature of the LOAs, coordinate and conduct the LOA presentation to the country, as appropriate. This will be done in conjunction with USASAC. This may range from USASAC submitting the LOAs through normal mail channels to the lead command to USASAC conducting a formal conference with the customer's representatives to present the LOAs.

(3) Coordinate procurement and all other actions required during

the execution phase of the program to ensure on-time delivery of all items and services within a reasonable expectation of the estimated prices contained on the LOAs. This includes—

(a) Undertaking management responsibility for the timely performance of supporting commands, SATFA, etc. Program milestones and scheduling dates are extremely important. Case execution must follow a documented process measuring each event along the way to resolve problems that may cause the schedules to slip. Major changes to delivery schedules must be approved by the commanding general of the lead command. For this purpose, the definition of a “major change” is left to the discretion of the lead command’s commanding general. In order for the lead command to be kept abreast of the financial and logistical status of the program, all modifications and amendments to support cases will be submitted by the preparing command to USASAC through the lead command.

(b) With the aid of data supplied by USASAC and SATFA, monitoring the provision of spares, publications, training, etc.

(c) Informing the country through the SAO on technical matters pertaining to the sale. Information copies of all correspondence will be provided to USASAC. All coordination with DA, DSAA, or the country’s embassy will be done by USASAC. USASAC will also respond to the country on matters involving FMS policy.

(d) Proposing, arranging, and conducting program management reviews, if any are required, with the purchasing country to evaluate the progress of the sale.

(e) Reporting quarterly on the delivery and financial status of the program to the Commander, AMC.

5-4. Negotiating teams

FMS negotiating teams will be established as required to ensure responsiveness to customer requirements for major systems. Organization and functions will be based on the following principles:

(1) The team leader will be selected from either the USASAC regional directorate or the MSC, and must be assigned regular duties that are no lower than division chief.

(2) Team members will be assigned from legal, procurement, contracting, technical, financial, training, and other FMS functions, as required.

(3) Commercial contractor representatives will be included only when the USASAC Regional Director considers it beneficial, when the customer has directed a sole source procurement, or when a specific contractor is the only source of the item being offered. Contractor representatives will not actively participate in negotiations but will be available to provide answers to technical questions to which the government representatives are unable to respond.

(4) Negotiating teams have authority to prepare a draft LOA in CONUS and negotiate a final LOA in the requesting country.

5-5. Case initiator codes

Case initiator codes listed in table 5-1 will be entered in the lower left corner of DD Forms 1513, 1513-1, and 1513-2 after the form number; for example, the U.S. Army Communications Electronics Command (CECOM) uses code (G).

Table 5-1
Case initiator codes

Command/agency	Code
AMCCOM	M
AVSCOM	H
CECOM	G
COE	2
MICOM	L
SELPO	D
SOUTHCOM	X
TACOM	K
TRADOC	6
TROSCOM	B
USAMMA	C

Table 5-1
Case initiator codes—Continued

Command/agency	Code
USASAC (CLSSA)	F
USASAC (AMSAC-OX)	S
USASAC (Publications)	T
USASAC (AMSAC-OE)	U
USAISEC	N

5-6. Authority to negotiate and sign international agreements

a. DA may not negotiate or sign an international agreement (other than those in the intelligence field) without the prior consent of the Assistant Secretary of Defense for International Security Affairs. Delegation of authority should be obtained through channels case by case.

b. LOAs (DD Form 1513) are exempt from the above requirements. All other agreements, such as an MOU covering foreign manufacture of U.S. defense equipment (coproduction arrangements or licensed production agreements) or other special types of sales not shown on a DD Form 1513, require written authority from DSAA before entering into negotiations. Requests for such authority must be submitted through DA and include a description of the project and fiscal and legal memoranda as outlined in AR 550-51.

c. Section 782(a), DOD Appropriations Act of 1982, PL 97-114, confers on the Secretary of the Army authority to approve in writing the transfer of military equipment and manufacturing data to foreign countries. For transfers made effective 12 October 1984, section 8057(A), DOD Appropriations Act of 1985, PL 98-473, applies.

d. The Secretary of the Army has delegated authority to transfer articles of military equipment through FMS (excluding data related to the manufacture and lease of military equipment) to the following, as related to their specific activity:

- (1) Commander, AMC.
- (2) Commander, TRADOC.
- (3) Commander, USAISC.
- (4) The Chief of Engineers.
- (5) The Surgeon General.

e. The Commander, AMC, in turn, has authorized the Commander, USASAC, to approve the sale of defense articles and services, excluding data related to the manufacture of military equipment, with power to further delegate this authority to the following:

- (1) Deputy, USASAC.
- (2) Chief of Staff, USASAC.
- (3) Deputy for Operations, USASAC.
- (4) Civilian Executive for Operations, USASAC.
- (5) Regional directors, USASAC, ALEX (AMSAC-MA, ME, MM).

(6) Regional Central Case Management directors, USASAC-NCAD (AMSAC-OE, OX, OL).

(7) Directors, International Logistics/Security Assistance, AMC major subordinate commands.

f. The Assistant Secretary of the Army for Research, Development, and Acquisition has the authority to approve the transfer of military equipment by lease to a foreign country for purposes other than cooperative R&D.

g. All FMS cases will include standard footnote D1. Use of this footnote does not change the requirement to coordinate with DSAA for approval and countersignature.

h. Authority to sign congressional (36)(b)(a) cases for the Commander, USASAC, is delegated to the regional directors. In their absence the Chief of Staff, USASAC, will sign the offer.

5-7. Expiration date

a. Block 8, DD Form 1513, and block 9, DD Form 1513-1, include the date on which the case or amendment expires. This date will be determined by the factors below:

(1) Duration of validity of contractor quotes included in the P&A information.

(2) Review period normally required by a given nation.

(3) Date by which the case preparer requires OA.

(4) Time sensitivity of any information included in the LOA.

b. Normally, USASAC will enter a date in block 8, DD Form 1513 (block 9, DD Form 1513-1) that is 85 days after the date entered in blocks 7/8. This allows USASAC/DSAA 25 days for administrative processing and the customer 60 days for review and acceptance. Some countries, however, have requested additional time and DSAA has approved their request. The timeframes to be entered for these countries are as follows: Turkey, 100 days; Israel, Federal Republic of Germany, Korea, Pakistan, Spain, Yemen, Italy, United Arab Emirates, and Greece, 115 days; Portugal, 120 days; Saudi Arabia, 140 days; the Philippines and Indonesia, 145 days.

c. The case preparer should identify in the cover letter the date by which OA is required. If the preparing command needs the OA before the normal timeframe (210 days from the date the case leaves the preparing command), the LOA or amendment may be considered time sensitive. If OA is required sooner than the normal expiration period plus 25 days, then the case is time sensitive. The expiration date entered in block 8/9 by USASAC will always be a minimum of 25 days before the OA required date. For time-sensitive cases, USASAC will add standard footnote E5.A, E5.B, E5.C, or E6 to the LOA or amendment, based on rationale provided by the case preparer.

d. P&A data for all lines on an LOA or amendment should be based on receipt of OA on or before the date specified in the transmittal letter.

5-8. Extensions

Expiration dates on all DD Forms 1513 and 1513-1 are considered firm and cannot be extended without USASAC's approval. For those extensions that would affect the OA-required date, written authorization from the case preparer must be obtained. Requests for extension need not be coordinated with DSAA before release to the country; however, DSAA should be furnished a copy of the correspondence to the country that authorizes or denies the extension.

5-9. Submission procedures

a. The following actions will be completed prior to submission to DSAA for countersignature:

(1) The case preparer will complete DD Forms 1513, 1513-1, or 1513-2, as appropriate, and send them to USASAC. Copies will be sent to the appropriate case management directorate at USASAC-NCAD (AMSAC-OE or AMSAC-OX). For restated cases, print RESTATED in block letters with red ink on the front page of each copy, excluding the original. A copy of the superseded countersigned case should be attached.

(2) Support commands will send any required ancillary cases for major weapon systems listed in table 5-1 to the lead command for review and subsequent submission to USASAC. Concurrently, support commands will send an advance copy of each support LOA to USASAC.

(3) Before submitting the basic and support LOAs to USASAC, the lead command will ensure that all materiel, technical assistance, and other required support have been offered and that delivery timeframes are compatible.

b. USASAC (AMSAC-O) will review all submissions for quality assurance, supportability, transportation, and MASL accuracy. DD Form 1513 data will be loaded to the International Logistics Information File (ILIF), and released for loading at SAAC once the case has been forwarded to DSAA for countersignature.

c. USASAC will coordinate as needed, verify submissions against the 1200 system, review for accuracy, completeness, and consistency with FMS policy, and send the original and two copies to DSAA for countersignature.

d. After countersignature by DSAA, the original will be returned to USASAC for release to the purchaser. Copies will be sent to the case preparer, USASAC (AMSAC-O), the in-country SAO, and the

cognizant unified command. DSAA will also send one copy to SAAC, Denver, CO 80279-5000, for posting to the DSAA 1200 system as a pending case.

e. No LOA, amendment, or modification, except those specifically exempted, will be sent to a purchaser without a DSAA countersignature. If more than one countersigned original is required, additional originals should be provided, plus an extra copy for foreign military financing.

5-10. Coordination requirements

USASAC will refer certain requests from purchasing governments and international organizations to other agencies or commands below for review, evaluation, and guidance.

a. Actions requiring HQDA (DALO-SA) coordination. USASAC will refer requests that involve those actions cited in AR 12-1 plus those below to HQDA, as appropriate, along with recommendations.

(1) Requests for approval to support a direct commercial sale.

(2) Any proposed replacement or modernization sale.

(3) Requests for waiver of nonrecurring surcharge as an element of cost of the item (see AR 37-60).

(4) Actions for offers for which USASAC recommends disapproval.

(5) Actions in which DA expresses an interest or AMC/USASAC believes it proper to request DA review.

b. Action requiring USAISEC and Defense Communications Agency (DCA) coordination.

(1) All requests for information systems provided under FMS that require fixed or semifixed facilities must be closely coordinated between USAISEC and USASAC. USAISEC will—

(a) Provide the point of contact, perform the in-country feasibility studies and surveys, and recommend equipment.

(b) Develop total or incremental systems, including long-range, mid-range, and short-range interrelated systems.

(c) Supervise the negotiation and installation phases of these information systems.

(2) Requests for fixed facilities must be coordinated with DCA. USASAC will be given all pertinent data and background information for the required coordination. DCA must be notified at the earliest stages of planning and be kept informed during all phases of implementation. This coordination includes giving DCA the results of initial surveys and later detailed engineering plans and major changes. Projects that must be coordinated are those that contain fixed communications elements only as a portion of the overall project. The communications projects or systems must be compatible with the United States Defense Communications System (DCS) and must be of benefit to the United States. The results of the DCA review of these projects will be sent through the Joint Chiefs of Staff to DSAA.

(3) Besides those information systems being provided through FMS, AMC and USASAC should be informed of all foreign information systems and projects being provided by U.S. industry. USASAC will advise DCA so that plans can be obtained and reviewed. The data must be compatible with DOD information systems.

5-11. Pen and ink changes

Pen and ink changes are modifications to a DD Form 1513 or 1513-1 authorized by USASAC before acceptance by the customer. They should be avoided if possible. Coordination with the case preparer is required for changes in price and availability. Changes can be authorized at the request of the customer or on U.S. initiative. If the change revises total costs or terms of sale, the DSAA comptroller must concur before authorization. The authorization for the change must be made by message or letter to the customer. A copy of the authorization will be sent to SAAC and DSAA-Comptroller, FMS Control Division. All LOAs and amendments with pen and ink changes must be validated by USASAC and correctly entered by the central case manager (CCM) into PBAS before implementation. Extensive changes should be made by issuing a new

or restated DD Form 1513 or 1513-1 (after acceptance of the basic case) instead of by using pen and ink.

5-12. Asset availability

a. The issuance of a DD Form 1513 reflects a U.S. Army commitment to provide the listed items and services in a timely and economical manner. Major delays encountered before sending the LOA to the customer, such as delays encountered in the congressional notification process, will require revalidation of P&A data before release.

(1) FMS back orders will be included in requirement computations for procurement or rebuilding. The organization that prepared the LOA is responsible for on-time delivery within a reasonable expectation of the estimated price.

(2) A new procurement of materiel to be delivered directly from the vendor must be so identified. Appropriate shipping instructions must be included in the contract delivery schedule to comply with delivery dates cited in the LOA.

b. Normally, the availability schedule for major items given in the LOA will be based on the next available production or overhaul. The production capacity used to determine the availability will be reserved for that customer until the case has been accepted or declined or the expiration date has passed, whichever occurs first.

(1) A new request for an LOA will not be used as a basis for changing a delivery schedule previously offered to another customer. LOAs accepted and funded before the expiration date obligate the U.S. Army to supply the materiel from the production capacity reserved when the LOA was prepared.

(2) Since major item requisitions are not released automatically, the major item managers at the MSCs must ensure their release to the customer within the lead times stated in the LOA. COCMs at the MSCs must coordinate with the major item managers in this effort.

c. Automatic issue of Army procurement appropriation secondary items and stock fund assets will be made from general issue stocks (purpose code A) as follows:

(1) Until procurement lead time has elapsed, unprogrammed FMS requisitions for secondary items will be released from stocks on hand above the reorder point. Procurement lead time is measured from the date the back order is established. Normally, stocks below the reorder point will be used only after procurement lead time has elapsed. Unprogrammed FMS requisitions may then be issued down to the minimum on hand. Earlier release of stocks below the reorder point to FMS customers will be permitted only if mandated by DA. These procedures apply to CSPs, defined-line, blanket order, and unprogrammed FMSO II cases.

(2) Once an FMSO II case requirement matures, requisitions are processed on the same basis as those for U.S. units having equal priority. Stockage will be issued to protectable levels based on the country's issue priority designator (IPD) without regard to procurement lead time.

Section II

Contractor Preference for Direct Commercial Sales

5-13. General

a. The procedures for considering and recognizing contractor preference for direct sales are not required by law; rather, they constitute a process by which DOD tries to accommodate U.S. industry preferences. These procedures are contained in DOD 5105.38-M, section 601.

b. To prevent the direct commercial sale of specific items, DOD will normally write comments on the contractors' requests for opinions or munitions licenses.

5-14. Special exemptions

a. By special agreement with FRG, any defense article or service that would be available for sale to Germany may, at FRG's request, be sold through FMS even though it is available through direct commercial sales.

b. The Government of Thailand has been granted an exception to purchase articles and services identified as available through direct commercial sales through FMS.

5-15. Commercial source responsibility

a. The U.S. manufacturer must inform DSAA-OPS that it prefers to sell on a direct commercial basis significant combat equipment (SCE) it manufactures or services it provides; that it is the sole U.S. manufacturer or supplier of the articles or services; and that it prefers that these articles or services not be sold through FMS.

b. USASAC and AMC MSCs will not solicit information on whether an article or service is available through direct commercial sales. Unless USASAC is notified otherwise, an article or service will not be considered available through direct commercial sales.

5-16. Processing industry requests for direct sale preference designation

a. On receiving a direct sale preference notice from DSAA, USASAC (AMSAC-MI) will ask the MSC for comments about the firm making the request and other factors pertinent to evaluating the commercial source notification. The MSC will have 15 days to provide USASAC with information regarding the questions in DOD 5105.38-M, paragraph 60106.B.

b. Based on the request from the U.S. manufacturer and the information provided by USASAC through HQDA (DALO-SAA) (see para *a* above), DSAA will determine whether the article or service is to be designated for direct sale preference. HQDA will provide USASAC an information copy of the response (containing the DSAA determination) to the U.S. manufacturer. USASAC will then notify the MSC.

5-17. Summary listing of direct sale preference articles

USASAC (AMSAC-MI) will provide to each MSC a semiannual summary listing of contractor notifications for direct sale preferences that have been processed. This listing will identify articles that are designated for direct sale preference and their U.S. manufacturer. MSCs will maintain this listing on file to help evaluate foreign country requests for the article or service. Direct sale preference designations will normally be valid no longer than 3 years. MSCs will reconfirm that the article still qualifies for this designation, based on the criteria in this chapter, before reinstating any previously designated article or service. Normally, the responsibility to request such a review and continued direct sale preference designation rests with either the U.S. manufacturer of the article or the U.S. contractor providing the service.

5-18. Processing requests for direct sale preference

a. On receiving a request for FMS P&A data or an LOA, USASAC will screen the request against the summary listing of articles or services eligible for direct sale preference to determine if the article or service requested is eligible. USASAC will promptly inform the foreign purchaser of the direct sale preference and DOD policy regarding the sale of the article or service, as required by paragraph 5-18c. Such notification will normally be provided within 3 weeks of receipt of the request to preclude any inference that the U.S. Government is prepared to sell the articles or services by FMS. The letter will be coordinated with DSAA-OPS. If the MSC and USASAC decide that important factors justify an exception to policy in a specific case, they will refer the matter to DSAA-OPS for decision, together with USASAC's recommendation and reasons. This referral will normally be made within 3 weeks of receiving the request.

b. Before notifying the foreign purchaser of the direct sale preference for the article or service, USASAC must consider the following:

(1) Whether the purchasing country has the necessary technical and administrative capability to make a prudent purchase of the article directly from the U.S. commercial source. A known previous commercial procurement of the same or similar article or service could be one form of evidence of this capability. A subjective assessment may be required for this evaluation.

(2) Whether there is a specific government-to-government agreement approved by the Director, DSAA, or higher authority, covering such a sale or a special exemption to the direct sale preference approved by the Director, DSAA.

c. USASAC will notify the foreign purchaser that the article or service requested is eligible for direct sale preference by preparing a letter in the appropriate format provided in DOD 5105.38-M, paragraph 60107.B.1.

d. If the foreign country or international organization has made a previous commercial purchase or request for P&A data from a U.S. commercial source, an appropriate reference to the prior purchase or current commercial negotiation should be inserted in the letter (see para c above).

e. All transactions or correspondence between USASAC and foreign countries, international organizations, or commercial contractors relating to direct sale preference must be coordinated with DSAA-OPS. DSAA-initiated correspondence using the above formats will be coordinated with the Army, as required.

f. In implementing these procedures USASAC will, to the extent such activities are known, keep DSAA-OPS, DALO-SAA, and the SAOs or other appropriate in-country DOD representatives informed of significant commercial sales activities.

5-19. Direct commercial sales

a. DA will not, unless approved by DSAA, engage in comparison studies requested by a foreign government of an FMS offer versus direct commercial sale.

b. Foreign governments may request LOAs after having solicited bids from U.S. contractors. LOAs should not be offered to a foreign government until—

(1) The foreign government confirms that commercial negotiations have stopped and the country provides a rationale for continuing with FMS.

(2) DSAA and/or DOD components have established the U.S. contractor preferences regarding issuance of an LOA.

(3) DSAA has determined, based on the information received from the foreign government and the U.S. contractor, whether to satisfy the requirement under FMS.

c. There are cases when a foreign government or international organization has requested and received LOAs and subsequently solicited bids from private industry for the same supplies and services. Such action by the foreign government does not automatically require withdrawal of the LOA. However, USASAC, in coordination with DSAA-OPS, should query the foreign government about its intentions and express a preference for withdrawing the LOA in light of the commercial quotations. U.S. contractor requests for withdrawal of LOAs should be referred to DSAA-OPS for resolution.

d. If DSAA receives a request for direct sale preference that does not qualify for inclusion in the listing of items eligible for such consideration but does identify negotiations with one or more foreign countries, consideration will be given to direct sale preference for the individual transaction in question. The U.S. commercial source must include sufficient supporting information to show that a specific request for quotation was received in writing from a foreign country. Such informal notification will be listed as an appendix to the listing of direct sale preference items, but it will not be considered as designating items eligible for direct sale preference. These items will remain in the appendix for 1 year. Related guidance is provided in paragraph 5-17.

Chapter 6 Total Package Approach

6-1. Concept

The Total Package Approach (TPA) is a management concept that ensures that customers have an opportunity to plan for and obtain all support items, services, and training necessary to operate, maintain,

and sustain a major end item or system. It also ensures that FMS customers understand the consequences of not accepting a TPA offer. Development of an offer requires a coordinated and tailored approach based on an indepth assessment of the maintenance, supply, and training capabilities of the recipient country, the adequacy of its logistical infrastructure, support base, and trainable labor base, and experience with similar equipment. The information used in developing the country assessment is drawn from a variety of sources, such as checklists prepared by the in-country SAO, in-country surveys, and country program reviews.

6-2. Guidelines

a. FMS requests for P&A data and LOAs will be processed under the TPA concept unless otherwise directed by USASAC.

b. Customers must be offered the opportunity to plan for and obtain all appropriate support items, training, and services necessary to operate, maintain, and sustain end items or systems.

c. Customers must be made aware of the consequences of not accepting the total package. The Army will resist pressures to provide equipment that is likely to be inadequately supported, either because of financial limitations or a desire to accelerate delivery.

d. If an LOR does not include adequate support provisions, the LOA will be written to provide adequate support. If, in the course of the acceptance process, or later, a country attempts to remove portions of the support provisions so as to make the LOA inadequate, AMC will recommend withdrawal of the offer.

e. If a request for accelerated shipment, or other LOA requirements with inadequate support provisions is made by the customer, AMC will request the appropriate MSC to provide an assessment and recommendation. If the MSC recommends against accelerated shipment, or other restrictive LOA provisions, and the requesting country is not willing to wait until the total package is available, USASAC will refer the request to the Commander, AMC, for determination.

6-3. Total Package Approach Checklist

DA Form 5904-R (Total Package Approach (TPA) Checklist) will be used to implement TPA in cases involving major weapon systems or items. DA Form 5904-R will be locally reproduced on 8½ by 11 inch paper. A copy for local reproduction purposes is located at the back of this regulation. It will be prepared as follows:

a. The SAO will complete part I, and forward it directly to USASAC. This portion provides basic information needed to develop a total package offer.

b. USASAC will complete part II and forward it with a tasking statement to the appropriate commands.

c. The case preparer will complete part III and forward it with the completed LOA, to USASAC for processing.

6-4. Planning information

TPA planning information may be obtained from the following sources:

a. The TPA pamphlet, which is used primarily by the SAO to provide FMS customers with a uniform approach to TPA. The pamphlet identifies and links all TPA guidance documents, specifies their content, and illustrates their use in developing the total program.

b. The U.S. Army Security Assistance Materiel Data Book, which provides descriptive information and identifies special support and materiel requirements.

c. DA Form 5904-R, part I.

Chapter 7 Financial Requirements

Section I Reimbursable Costs

7-1. Management costs

The management of FMS programs by U.S. commands and agencies must entail no cost to the U.S. Government. DD Form 1513, annex A, requires the FMS purchaser to pay the full value of FMS program management in U.S. dollars, regardless of the estimated costs, payment schedule, or terms of sale. Defense articles and services sold to FMS purchasers will be priced per AR 37-60 and AR 37-80. All direct and indirect case management costs will be charged to the purchaser. The following charges, as applicable, will be included:

a. Accessorial charges related to issues, sales, and transfers of materiel not included in the standard price or contract cost. These charges include—

(1) Packing, crating, and handling costs incurred for labor, materiel, or services used in preparing the materiel for shipment from the storage or distribution point.

(2) Transportation charges, including inland (second destination) and ocean transportation costs for shipments by land, sea, and air.

(3) Port loading and unloading costs for labor, materiel, or services at ports of embarkation or debarkation.

(4) Prepositioning costs for shipments made from overseas storage and distribution points, except for “long-supply” stocks.

(5) Staging costs for assembling or prepositioning materiel in facilities in CONUS.

b. Recoupment charges for nonrecurring costs related to RDT & E and production, except for FMS cases that are wholly financed with foreign military financing.

c. Administrative charges to recover expenses incurred in FMS transactions. Rates are 5 percent for nonstandard items and cooperative logistics supply support arrangements (CLSSAs), and 3 percent for all other items.

d. Surcharges of .5 percent for quality assurance and inspection, and contract audit services performed as part of the placement or administration of contract services. These charges, plus an additional .5 percent surcharge for other contract administration services, may be waived in whole or in part under provisions of section 21(h) of the Arms Export Control Act. They are waived entirely for the NATO E3A Cooperative Program. If no waiver has been granted, the Security Assistance Accounting Center (SAAC) shall apply the full 1.5 percent surcharge.

e. All LOAs with sales from procurement require termination liability reserves to be included in the payment schedule. Information on termination liability worksheets can be found in paragraph 3-28.

f. Program management costs described in paragraph 7-4.

g. An LSC of 3.1 percent will be applied to case lines for spare parts, supplies, and maintenance of customer-owned equipment to recoup an appropriate share of logistics support costs.

h. Costs of government-provided engineering services associated with problems encountered during the production run of items being sold will be included in the unit cost.

7-2. Nonrecurring costs, reductions, and waivers

a. Sales will be priced to recover all DOD costs plus a pro rata share of nonrecurring RDT & E costs and production expenses, except that the pro rata share of nonrecurring costs will not be charged on cases that are wholly financed with foreign military financing. Recovery of nonrecurring costs apply to items sold from inventory or procured for an FMS customer, unless a waiver has been obtained.

b. Defense articles include both major and nonmajor defense equipment. Nonmajor equipment includes those items for which \$5 million or more has been invested in either nonrecurring RDT & E or production costs but total costs do not exceed \$50 million. Major

equipment includes significant combat equipment items on the U.S. Munitions List (USML) for which the U.S. Government has incurred either a nonrecurring RDT & E cost of more than \$50 million or a total production cost of more than \$200 million. DSAA must approve the use of pro rata nonrecurring cost recoupment charges on major defense equipment sales.

c. Recoupment of nonrecurring costs included in the unit price of items sold through FMS will be reported on the financial analysis worksheet described in paragraph 3-27, which accompanies the LOA to DSAA. A nonrecurring cost recoupment summary is also required by paragraph 3-29.

d. Requests for new items that meet the criteria of major or nonmajor defense equipment must be sent to USASAC (AM-SAC-R) as each end item or component qualifies, based on the criteria described above. Computations must accompany the submission. USASAC will submit to DSAA, through HQDA, for approval as candidate items and inclusion on the major defense equipment list. USASAC will notify MSCs of DSAA approvals of proposed nonrecurring cost recoupment for major defense equipment and maintain a list of approved nonrecurring charges for both major and nonmajor defense equipment.

e. The pro rata recoupment charges may be reduced or waived for sales that would significantly advance U.S. interests in promoting standardization with NATO, NATO member countries, Australia, Japan, or New Zealand. Waivers will be issued on a case-by-case basis. Full waivers, issued solely on the basis of standardization, may be granted to eligible countries for which MAP funding has been approved for the current price year.

f. For all countries and organizations other than those listed above, a waiver is usually not granted unless additional or unusual benefits can be shown.

g. The Director, DSAA, has authority to approve waivers. The waiver request must be initiated by the requesting country or international. Waiver requests submitted on behalf of a foreign country by industry or the Army must be based on receipt of a specific country waiver request. Waiver requests for major items originating with Army commands or agencies should be sent to USASAC (AM-SAC-R), which will forward it, with a recommendation, through HQDA (DALO-SAA) to DSAA-OPS. Requests should indicate if—

(1) The item is standard for U.S. forces.

(2) The item or an equal item is wholly or partially standard in NATO.

(3) The item is interoperable with a standard or like item.

(4) The item is covered in a standard NATO agreement or coproduction program.

(5) The sale of this item advances U.S. Government interests in achieving rationalization, standardization, and interoperability.

(a) The advantage can be determined.

(b) The loss of potential sale will cancel or affect a U.S. program.

h. Waiver requests for nonmajor items will also indicate if—

(1) The denial of the reduction or waiver would affect or imperil a potential or approved sale or coproduction program.

(2) A reduction or waiver has been previously granted the requesting country or other countries.

(3) The U.S. Government has previously granted or denied a waiver based on a manufacturer's request for a reduction or waiver for direct sale of the item.

i. If a waiver request involves the rights of a manufacturer, the following information should be provided:

(1) Whether these rights can be determined or benefits would be nonmonetary.

(2) Whether manufacturers hold patents, proprietary rights, or exclusive licensing rights.

(3) Whether the item is produced with U.S. Government data, tooling, test equipment, or facilities.

7-3. Contract administration surcharges

a. Quality assurance and inspection, contract audit, and other

contract administration surcharges are described in DOD 5105.38-M, paragraph 130104.B.3.

b. Programs for which contract administration surcharges have been waived are listed in DOD 5105.38-M, table 1301-1.

7-4. Program management lines

a. Case manager duties are normally considered a routine FMS management process reimbursed by the administrative surcharge. Responsibilities of the case manager are outlined in DOD 5105.38-M, paragraph 70402.A.2, and should serve as a baseline to determine if an additional program management line is appropriate. If a specific program management line is considered necessary, it will be based on the guidelines included in figure 7-2, and standard footnote P19 will be included in the LOA.

b. The inclusion of a specific program management line must be fully justified and clearly demonstrate why necessary management costs cannot be absorbed within the administrative surcharge. Justifications based solely on the size, value, or duration of the case are not acceptable.

c. Justifications will be submitted in the format prescribed in figures 7-3 and 7-4 and conform to the following requirements:

(1) The justification must explain why the program management functions cannot be performed by an existing program management office.

(2) Manpower requirements must be limited to management personnel only. Administrative support personnel must be charged against the administrative surcharge.

(3) TDY travel requirements must be fully explained and adhere to the following criteria:

(a) Travel of personnel performing routine management duties must be charged against the administrative surcharge.

(b) Travel of personnel performing program management duties may be charged to a case line, regardless of whether the individual is normally paid from the administrative fund or from a case line.

(c) Travel of personnel required to accompany the case manager in order to provide specific technical expertise must be explained.

d. An administrative surcharge will not be assessed against a program management line. The following procedures will be used to differentiate between the cost of materiel and services, to which the administrative surcharge must be applied, and services that are conditions of sales:

(1) At the end of all lines for materiel and services, the statement, "Subtotal, cost of materiel and services" will be entered in column 13, with the total cost entered in column 17.

(2) The program management line will be entered as the last line item, with the total cost entered in column 17.

(3) The total combined cost for both materiel and services and program management will be entered in block 21, estimated cost.

(4) The FMS administrative surcharge will be applied to the total costs of materiel and services only, unless the surcharge has been waived, and will be entered in block 23, estimated general administrative cost.

e. Costs of other services will be charged directly to a case as separate line items. This includes training, surveys, technical or other assistance, design and construction, engineering support, RDT & E, unique production requirements, and transportation. These services will be entered under the appropriate MASL line. Standard footnote D5 will be included in the LOA to describe the services.

7-5. Travel costs

a. Requests for fund cites or transfers of funds against specific FMS cases must furnish the following information:

(1) Point of contact and phone number of the activity comptroller.

(2) Name, organization, and telephone number of the traveler(s).

(3) Purpose of travel and justification.

(4) Destination.

(5) Funding limitation.

(6) Applicable FMS case and line.

b. Required information must be provided to both the supporting

and supported commands or installations. The actual transfer of funds or fund cites will be as mutually agreed by the comptrollers.

c. Travel costs incurred by SAO personnel in support of a single FMS program can be charged to the appropriate FMS case or program management line with the following limitations:

(1) Either the country program manager (CPM) or command case manager (COCM) must request SAO assistance, and the USASAC regional director must approve the invitation to travel.

(2) The travel must be in support of a single FMS case or program.

d. The CPM from the USASAC regional directorate will oversee or coordinate the issuance of a fund cite for authorized SAO travel in the following manner:

(1) *USASAC FMS cases.* At the request of the CPM, USASAC (AMSAC-RF) will provide a fund cite to the SAO, with a copy to USASAC (AMSAC-RB/R) and the appropriate regional directorate.

(2) *Non-USASAC FMS cases.* The CPM will notify the appropriate case preparer of both the SAO travel approval and the requirement for a fund cite. The case preparer will furnish the fund cite to the SAO and provide a copy to the appropriate regional directorate.

e. Administrative support costs, such as transportation and travel of foreign personnel on assignment in the United States, are the responsibility of the purchasing country or international organization. Such expenses may not be reimbursed under FMS LOAs. The funding of transportation and travel costs must be arranged directly between the foreign traveler and his government without U.S. Government involvement.

7-6. Medical costs

If medical services are provided by means other than FMS and the terms of the Arms Export Control Act, no mention of medical care may be included in the LOA. Separate supplemental rates relating to medical care will not be used. When the country has specifically asked that medical care be provided under the FMS LOA and it is determined that such medical provisions are necessary, the LOA must have a medical line and a cost. Standard footnote M7.A will be placed in the LOA. Lack of any specific provision for medical care in the LOA will not prevent furnishing emergency medical services. These services may be paid through the FMS trust fund against the proper LOA.

7-7. Cancellations

a. All LOAs and amendments will include standard footnote A3.C, A3.D, A3.E, A3.F, or A3.G. The footnote specifies which administrative charge applies if the entire LOA or amendment is canceled.

b. If an FMS purchaser requests cancellation of an entire FMS case after implementation but before delivery of any or all articles and services, an administrative fee may be charged as cited in DOD 5105.38-M, paragraph 130705.B.3.

c. The appropriate administrative charge will be entered on the DD Form 1513-2 below the line. If the requested item(s) had been placed on contract and a termination cost was incurred as a result of the cancellation, this cost will be shown above the line on the DD Form 1513-2 on a line-by-line basis. Any out-of-pocket costs incurred in implementing or canceling a LOA will also be shown above the line. Block 11 of the DD Form 1513-2 should clearly cite the rationale for applying any charges.

d. All DD Forms 1513-2 with cancellation charges will be forwarded to the DSAA comptroller for approval. The comptroller may approve waivers or reductions of the cancellation charges if circumstances dictate. Such waivers or reductions will be fully documented and retained in the case file.

e. An administrative cancellation charge will not be applied when the U.S. Government cancels a case for any of the following reasons:

(1) It cannot supply the requested materiel from the source or in the condition specified.

(2) It is unable to supply an acceptable substitute.

(3) Paragraph A6 of the terms and conditions of DD Form 1513

applies. This paragraph covers the U.S. Government right to cancel or suspend cases in the U.S. national interest.

(4) The case closed with zero deliveries or expenditures; for example, a blanket order case that expired with no requisitions submitted or a maintenance support case where no items were turned in.

Section II Payment Provisions

7-8. General

The use of FMS type of assistance codes indicates when payment is due, whether the sale is to be from DOD stocks or procurement, and whether it is to be financed in cash, or by foreign military financing. Type of assistance codes and corresponding terms to be used on DD Forms 1513, 1513-1, and 1513-2 are shown in DOD 5105.38-M, table 1301-2.

7-9. Terms of sale

a. The purchaser should include the desired terms of financing in each LOR. This information will be given to the case preparer in the USASAC tasker. If a combination of repayable and nonrepayable credit is used, the terms of sale should state "Foreign military financing."

b. The case initiator will enter the appropriate terms of sale, as listed in DOD 5105.38-M, paragraph 130104.C, in the LOA, amendment, or modification.

c. Terms of sale for amendments or modifications that increase the case value should be the same as for the original case unless the requesting country has requested other terms or DSAA has directed a change.

d. All cases wholly financed with foreign military financing must specify type of assistance (TA) code TAN.

e. For MAP or FMS foreign military-financed sales to the Philippines, the fiscal year specified by the country or directed by the CPM will be cited.

7-10. Type of assistance codes

A TA code will be cited in the "Availability and Remarks" block for each line item. A listing of TA codes is provided in DOD 5105.38-M, paragraph 130104.C.3.

7-11. Dependable undertaking

Certain countries and international organizations are authorized to make direct arrangements for FMS under a dependable undertaking arrangement. A listing is provided in DOD 5105.38-M, table 1301-3.

Section III Foreign Military Financing

7-12. Merged funds

a. Section 503(a)(3) of the Foreign Assistance Act of 1981, as amended, provides authority to merge designated MAP funds with FMS trust fund deposits for recipient countries. The merged funds will be used solely to meet security assistance obligations provided under the Arms Export Control Act. MAP funds authorized to be merged with FMS trust funds include FY 82 and subsequent-year MAP funds not used for prior-year supply operations, administrative expenses, or Foreign Assistance Act section 506(a) reimbursements. Funds must be obligated within the period prescribed in the annual appropriation act or continuing resolution authority.

b. Merged funds will be treated in the same manner as foreign military financing funds except that they cannot be used for direct commercial purchases.

c. Procurement and delivery will follow FMS procedures.

d. If the financing of an existing FMS case is changed in whole or part from FMS credit or cash to MAP, a DD Form 1513-2 must be prepared to reflect the change in terms.

e. All LOAs, amendments, and modifications should cite standard footnote D6.E or D6.K, if the terms of sale include foreign military financing.

f. Line items for MAP merger will be coded "TAM."

7-13. Foreign military financing and guaranteed loans

a. The Arms Export Control Act authorizes FMS direct credit and guaranteed loan financing. Financing will be used solely to aid countries in acquiring necessary items that cannot reasonably be financed by other means, and will be applied to finance investment or major replacement requirements.

b. The DSAA Financial Reports and Credit Program Division must approve purchases funded by foreign military financing before the LOA is prepared. Approval is limited to the overall availability of foreign military financing for the requesting country.

c. Line items involving foreign military financing will be coded "TAZ," for repayable financing, or "N" for nonrepayable financing.

d. USASAC will attach a tag for easy recognition to all DD Forms 1513, 1513-1, and 1513-2 with foreign military financing provisions that are sent to DSAA for countersignature.

e. All items purchased with foreign military financing must be carried by U.S.-flag vessels or aircraft unless a waiver is granted.

f. Foreign military financing funds may be used to finance commercial contracts, subject to conditions imposed by DSAA, when approved by DSAA on a case-by-case basis.

7-14. Grant Aid materiel

Guidance and instructions for providing defense articles and services from MAP appropriations prior to FY 82, and Foreign Assistance Act sections 503(a)(3) and 506(a) are provided in DOD 5105.38-M. Supplemental programming and coding guidance, if required, may be obtained from USASAC.

Section IV Financial Annex and Payment Schedules

7-15. Financial annex

a. The financial annex to an LOA or amendment specifies projected payment dates and amounts, and prevents any misunderstandings regarding payment schedules. It also provides budget planning data for the customer. The financial annex shown in figure 7-1 will be used as follows:

(1) For countries and international organizations, including the Saudi Arabian National Guard, use the financial annex exactly as shown in figure 7-1.

(2) For the Saudi Arabia Ministry of Defense and Aviation, and for all third country sales sponsored by Saudi Arabia, add the following paragraph at the end of paragraph 3 of figure 7-1:

"All payments made in response to quarterly billings or the estimated payment schedule contained in the annex will be rendered to the Federal Reserve Bank of New York. All such payments will be deposited to the Saudi Arabian Monetary Agency securities investment and funds account in accordance with the 15 October 1979 agreement between the United States Defense Security Assistance Agency, the Saudi Arabian Ministry of Defense and Aviation, and the Federal Reserve Bank of New York."

(3) For Taiwan cases—

(a) The first sentence of figure 7-1, paragraph 1, should read: "This agreement is financed entirely with cash, FMS loan funds, MAP funds, or a combination thereof, as indicated in block 25 of DD Form 1513S, Letter of Offer and Acceptance (LOA), or block 26 of DD Form 1513S-1, Amendment to Offer and Acceptance."

(b) Change DD Form 1513-2 to DD Form 1513S-2 in paragraph 7 of figure 7-1.

(4) For Japan cases, see paragraph 13-17c.

(5) A financial annex is not required for FMSO I cases.

b. The financial annex for LOAs with terms of sale that specify dependable undertaking, cash prior to delivery, foreign military financing, or any combination thereof will include specific calendar dates when each payment is expected and the amounts due on each

date. These amounts will be equal in total to the amount shown in block 26 of DD Form 1513.

7-16. Initial deposit

Information relating to the payment and computation of initial deposits is provided in DOD 5105.38-M, paragraph 130401.D.

7-17. Scheduling payments based on estimated deliveries

Payment schedules should be prepared according to the criteria provided in DOD 5105.38-M, paragraph 130401.C.

7-18. Revised payment schedules

Payment schedules may be revised as outlined in DOD 5105.38-M, paragraph 130401.F.

7-19. Termination liability

a. Termination liability is the amount collected from a purchaser and held in escrow in anticipation of any liability that would accrue to the U.S. Government if a case or program is terminated before the contract is completed. All procurement sales are required to have a termination liability reserve built into the LOA payment schedule. The reserve is adjusted regularly as contracts are awarded, work progresses, payments are received, and deliveries are made. Each Army component that implements FMS agreements will determine termination liability on each FMS case based on the type of article being procured, the contractor's estimate of termination liability, and historical cost data on other similar sales.

b. Instructions for completing the termination liability worksheet are provided in paragraph 3-28.

Section V

Administrative Funds

7-20. FMS administrative budget

The FMS administrative budget is financed by collections from FMS customers derived from applying an administrative surcharge. The charge is added to recover expenses related to the general administration and conduct of the FMS program. The Army will prepare and submit budget requests through command channels to the Comptroller, DSAA.

7-21. Data processing requirements

a. FMS administrative funds may be used to finance automated data processing (ADP) system development, investment, and operating and maintenance costs for existing or new FMS management information systems at dedicated FMS activities. At nondedicated activities, ADP costs will be charged to FMS administrative funds at an hourly rate for machine time, to include computers and ancillary equipment. These costs will be based on records that show machine time needed to produce FMS reports or transactions. Programming support may also be charged if such costs are for FMS purposes.

b. Requests for new ADP systems, or changes to existing systems, with development and investment costs of \$100,000 or more will be sent to DSAA for approval before being included in the FMS administrative budget. Requests for increases to estimated annual operating and maintenance costs of \$200,000 or more must also have DSAA approval.

c. Justification for proposed projects must be sent to USASAC 120 days before submitting the budget. It must include the category of system, development schedules, system life cycle cost characteristics, and the expected development, investment, and annual operation and maintenance costs by fiscal year. The submission also should show the portion of system costs to be funded by FMS administrative fees and other funding, the benefits to be derived from the systems, and alternative plans that include continued operations under the existing system or environment. USASAC will recommend and submit valid requirements to DSAA through the Defense Communications Agency (DCA) and HQDA (DALO-SAC).

7-22. Special projects

Major programs, special equipment purchases, contract studies, or contracted support must be separately identified and justified whenever the cost exceeds \$50,000.

FINANCIAL ANNEX
SUPPLEMENTARY FINANCIAL TERMS AND CONDITIONS

1. This agreement is financed entirely with cash, FMS loan funds, MAP funds, or any combination thereof, as indicated in block 27 of DD Form 1513, Letter of Offer and Acceptance (LOA), or block 28 of DD Form 1513-1, Amendment to Offer and Acceptance. The purchaser agrees to make payments in such amounts and at such times as may be specified by the U.S. Government, including any initial deposit indicated on the LOA required to meet financial requirements arising from this case.

2. The Foreign Military Sales Billing Statement, DD Form 645, will serve as the statement of account and billing statement. An FMS delivery listing identifying items physically or constructively delivered, and services performed during the billing period, will be attached to the billing statement. The Security Assistance Accounting Center (SAAC) forwards billing statements to purchasers no later than 45 days before payments are due, and purchasers will forward payments in U.S. dollars (cash or request for advance of loan funds) to the U.S. Government in time to meet prescribed due dates. MAP funds are merged with the FMS trust fund and applied to the cases. Such costs as may be in excess of the amount funded by MAP or credit agreement funds must be paid by the purchaser, if additional MAP/credit funds are not available. Questions concerning the content of DD Form 645 billing statements and requests for billing adjustments should be submitted to the Security Assistance Accounting Center (SAAC/FS), Lowry AFB, Colorado 80279-5000.

3. Cash payments in U.S. dollars for initial deposits and amounts due and payable on quarterly billing statements (DD Form 645) are to be forwarded to the SAAC or other formally agreed upon repository in time to meet prescribed payment dates. The preferred method for forwarding cash payments is by bank wire transfer to the Department of the Treasury account at the Federal Reserve Bank of New York using the standard federal reserve funds transfer format. Wire transfers will be accepted by the Federal Reserve System (FRS) only from banks that are members of the FRS; therefore, non-U.S. banks must go through a U.S. correspondent FRS member bank. The following information is applicable to cash payments:

a. Wire transfer:

Treasury Department name: TREAS NYC

Treasury Department code: 021030004

Agency name: AFAFC/SAAC

Agency code: 3801 (U.S. Air Force)

Third party information: Identify reason for funds transfer.

b. Check mailing address:

AFAFC/ACFC/SAAC/FSR

P.O. Box 20030

Lowry AFB, CO 80220-0030

4. To authorize payments of initial deposits required on LOAs or amounts due and payable on FMS billing statements from funds available under loan agreements, the borrower will submit a letter of request for each advance of loan funds addressed to the Secretary, Federal Financing Bank, c/o U.S. Department of the Treasury, Washington, DC 20220. Each request to the Federal Financing Bank for an advance will be forwarded to the Defense Security Assistance Agency, DSAA-COMPT-A & FD, The Pentagon, Room 4B659, Washington, DC 20301, with a letter requesting DSAA approval. Letter formats and specific instructions for processing loan advance requests are included in applicable provisions of each loan agreement. Questions pertaining to status of loans and associated balances should be directed to the above DSAA address.

5. If full payment is not received by SAAC by the prescribed due date, interest shall be charged as outlined in the General Conditions, annex A, paragraph B.3.g. The principal of the arrearage will be computed as the excess of cumulative financial requirements over cumulative collections (cash and loan) shown in the FMS billing statements after the payment due date.

6. The initial deposit of \$_____ required to accompany this LOA is an integral part of the purchaser's acceptance. If the advance payment is made from loan funds, the Credit Programs Division, DSAA, will submit payments to the SAAC in accordance with borrower requests for loan advances described above.

7. The payment schedule provided below is for planning purposes. The SAAC shall request purchaser payments in accord with the payment schedule, unless DOD costs (including 90-day forecasted requirements) exceed the amounts required by the payment schedule. Should this occur, DOD would be unable to comply with the advance payment requirement of the Arms Export Control Act and the U.S. will use its best efforts to provide a revised payment schedule (DD Form 1513-2) at least 45 days prior to the next payment due date. The purchaser is required to make payments in accordance with quarterly billings (DD Form 645) issued by the SAAC regardless of the existing payment schedule.

8. It is understood that the values on the LOA are estimates, and that the final amount to be charged for items or services furnished

Figure 7-1. Financial annex to DD Forms 1513, 1513-1, and 1513-2—Continued

will be equal to the final total cost to the U.S. Government. When final deliveries are made and all known costs are billed and collected, the SAAC will provide a "Final Statement of Account" which will summarize total final costs of this agreement. Should the final total costs be less than the funds collected, such excess funds will be available for payment of unpaid billings for other agreements. If there are no such unpaid billings, excess funds will be disposed of as agreed upon between the purchaser and the Comptroller, DSAA.

9. To assist the purchaser in developing fiscal plans and annual budgets, the U.S. Government provides its best estimate of anticipated costs of this agreement in the attached estimated payment schedule:

ESTIMATED PAYMENT SCHEDULE

Payment date

Quarterly

Cumulative

Initial deposit:

Figure 7-1. Financial annex to DD Forms 1513, 1513-1, and 1513-2

FMS PROGRAM MANAGEMENT LINES

I. General

- A. Program management costs may be included in a program management line when a system or program management effort must be undertaken to successfully deliver the item ordered by the purchaser. Each type of cost will be allocated only once, and on only one basis.
- B. The inclusion of program management lines in selected LOAs is permissive and must be justified to and approved by the USASAC Command Group.
- C. An auditable method must be used to document work performed by each individual charged to a program management line. Personnel charges must be identified by position number, employee identification number, or other traceable means.
- D. Program management services that are determined by the case preparer, and approved by USASAC, as necessary for successful program implementation must be a condition of sale.
- E. Program management costs may be charged only for a single LOA, or multiple LOAs directly related to a single program.
- F. Program management costs are not charged to a program management line until the LOA is implemented. FMS management services provided prior to implementation must be charged to the FMS administrative budget.
- G. The nonstandard administrative fee should not be charged for LOAs with program management lines justified by the nonstandard nature of the program, in accordance with provisions of DOD 7290.3-M, FMS Financial Management Manual, paragraph 70502.B.2.
- H. Associated costs incurred for communications, utilities, ADP, office supplies and equipment, and rental charges may be charged to a program management line, but only to the extent that they are a direct result of program management efforts.

II. FMS PROGRAM MANAGEMENT LINE GUIDELINES

A. Types of Sales that may Include Program Management Lines:

- 1. Sales of aircraft, ships, shipboard equipment, missiles, combat vehicles, radar, or communications-electronics systems that include the major end item plus all necessary logistical and training support, consistent with the Total Package Approach (TPA) concept.
- 2. Modifications and upgrades that improve the operational capability of systems already in purchaser inventories.
- 3. Sales of nonstandard equipment, systems, or services.
- 4. Sales that include program acceleration.
- 5. Complex cases that may require efforts outside of or in addition to those normally provided by dedicated security assistance offices.
- 6. Coproduction programs.

B. Types of Expenses that may be Included in Program Management Lines:

- 1. Costs of personnel assigned as program managers or program coordinators.
- 2. Administrative case management services that require a demonstrable level of effort beyond that generally performed for routine LOAs. Administrative case management functions are identified in DOD 5105.38-M, paragraph 70402.A.2. They are properly charged to FMS administrative funds when performed at routine levels, and to program management lines for other than routine levels. Other than routine levels of effort are normally associated with LOAs that include accelerated programs, nonstandard procurements, special program tracking or reporting, program reviews, or extensive integration.
- 3. Configuration management.
- 4. System integration.
- 5. Integrated logistics management.
- 6. CONUS or overseas program management reviews (TDY costs of all U.S. participants may be included).
- 7. All TDY costs to support program management line functions. Note: Administrative travel expenses, to include salary, that can be identified to the case or cases supported by a program management line also may be included.

C. Types of Sales that may not Include Program Management Lines:

- 1. Sales from stock, other than weapon systems.
- 2. Follow-on support cases.
- 3. Cases entirely for services other than those described in II.A.3 and II.A.5.
- 4. Sales of individual major items.
- 5. Sales of publications, maps, and charts.
- 6. Modifications, other than those that improve the operational capability of systems. See II.A.2.
- 7. Routine sales of nonmajor defense equipment.

D. Types of Expenses that may not be Included in Program Management Lines:

- 1. Management services requested by the purchaser that include requirements for other than routine reports. Such services should be considered technical assistance, special services, or other services.

Figure 7-2. Program management guidelines—Continued

2. Other services requested by the purchaser, such as technical assistance, TAFTs, overseas contracting, training, or overhead management services not required by the implementing agency.
3. TDY costs not in direct support of the program management line. See exceptions in II.B.6 and 7.
4. Any costs incurred overseas by PCS personnel, including PCS costs. The costs are to be charged above the line in a separate technical assistance or service line.
5. Routine administrative charges that must be charged to the FMS administrative budget.

Figure 7-2. Program management guidelines

FORMAT FOR PROGRAM MANAGEMENT LINE SUPPORTING INFORMATION

Case identifier:

Total case value:

Brief case description:

Estimated case duration:

Starting date:

Projected closing date:

Cost of workyears required: (\$ in thousands)

	1st Year	2nd Year	3rd Year	4th Year, etc.
Civilian				
Military				
Officer				
Enlisted				
Total				

In which organization(s) will workyears be performed?

When will workyears be required?

Starting calendar month and year:

Ending calendar month and year:

Rationale: (Explain services to be performed and reasons why charges should not be funded from normal administrative surcharges. Include personnel title(s), ranks or grade(s), and general functional descriptions. Identify the specific funding source, such as FMS administrative surcharge, logistics support surcharge, program management, O&M, or other.)

Manpower sources: (Identify sources of required workyears, such as new hires, or conversion of existing workyears funded from O&M or administrative sources. Workyear sources identified must equal total workyears shown on the previous page.)

Related materiel and support costs: (Identify materiel and support costs; include justification for and proposed disposition of real property.)

Civilian contract consideration: (Indicate if the services could be performed by civilian contract. Explain any reasons that performance by civilian contract is not considered appropriate.)

A statement that manpower estimates were coordinated with the local Force Management Office or an explanation, if they were not.

Related travel costs: (see attached).

ESTIMATED MONTH/YEAR OF TDY	ESTIMATED LENGTH OF TDY	ESTIMATED NUMBER OF TRAVELERS	PURPOSE
--------------------------------	-------------------------	----------------------------------	---------

DESTINATION	TRANS	ESTIMATED COSTS			TOTAL
		PER DIEM	SALARY	OTHER	

Figure 7-3. Program management line supporting information

JUSTIFICATION FOR USE OF PROGRAM MANAGEMENT LINE

a. Estimated work chargeable to administrative fee:

Organization	Description of Work	Estimated Man-Months
IL/SA Dir	Case preparation, preparation of PWD, and case closure.	6
HAWK Project Office	Contract processing of missile upgrade.	2
Missile Log Center	Processing of requisitions for spares upgrade.	2
IL/SA/Comptroller	Processing of billings, case closure.	2

b. Estimated work not chargeable to administrative fee:

		Estimated Man-Months by Grade Level		
		1-GS14	1-GS13	1-GS12
IL/SA Dir	Perform daily management/technical liaison/problem solving interface with country missile facility personnel for current TRME/Missile program.	40		
	Interface with SAO as required based on daily contact with country personnel.	2	2	2
	Management interface with Sharpe Army Depot for repair parts and service.	3		
	Management interface with contractor for repair parts and service.	6		
	Monitor tracking of defective TRME as requested.	1		3
	Develop Program Management Plan (PMP) for country missile upgrade program; implement PMP; provide daily intensive management/problem solving interface with country, USG, and contractor personnel in accomplishing program objectives.		36	12
	Develop/amend contractual requirements package based on specific requirements relative to country program.	3	4	
	Assist country in obtaining critical assets to support missile upgrade program in the event GFE fails critical tests prior to/during conversion program.	3		
	Assist country in accomplishing country objectives in missile shelf-life change out program.	3		
	Interface with country/contractor relative to in-country firings and instrumentation team support.	3		
	Coordinate with USG, contractor, country relative to problems associated with certified round data base.	5		
	Analyze items affected by corrosion; develop program management plan for correcting problem, implement management plan.		7	24
	Manage problem resolutions relative to total missile facility as pertains to reliability.			12

c. Additional part-time spaces:

Organization	Description of Work	Estimated Man-Months
IL/SA Dir	Clerical, 1-GS5.	24
HAWK Project Office	Management, 1-GS15.	1
HAWK Project Office	Engineering and quality assurance support for missile upgrade 1 GS13 and 2-GS14s.	19

Figure 7-4. Justification for program management line

Chapter 8 Congressional Notification

8-1. Applicability

a. This chapter describes congressional reporting requirements prescribed by section 36(b) of the Arms Export Control Act, and Title 10, United States Code (USC).

b. Use of the term LOA in this chapter refers to any proposed sale that exceeds the dollar threshold specified in section 36(b), regardless of whether or not the initiating document is a DD Form 1513. It also includes, but is not limited to—

(1) Memorandums of Understanding (MOUs) for coproduction of military items.

(2) Cooperative research and development (R&D) agreements.

(3) General agreements to provide materiel or services, such as the 1965 Engineering Assistance Agreement between the U.S. Army Corps of Engineers and the Saudi Arabian Government.

8-2. Notification requirements

a. The Arms Export Control Act requires congressional notification for proposed foreign military sales of \$14 million or more for major defense equipment; \$200 million or more for design and construction services; and \$50 million or more for any other defense articles or services. DOD 5105.38-M, paragraph 70303.A, describes notification requirements and procedures. An LOA will not be issued if Congress adopts a joint resolution stating that it objects to a proposed sale within 30 days of receiving notification, or 15 days for exempted countries.

b. Within 8 days of the date of the tasker, case preparers will send supporting data required by DOD 5105.38-M, paragraph 70304.C, to USASAC, which will complete items l, n, and o of the notification for exempted purchases, and items m, o, and p of the notification for nonexempted purchases.

c. If the statutory notification data cannot be provided with the initial submission, it will be submitted with the Impact on Current Readiness Report, if required, as early as possible, but no later than 8 days after the start of the 20-day advance notification period. USASAC will advise of the date the advance notification period starts, and send the data to DSAA within 10 days.

d. The Foreign Assistance Act, section 620C(d), requires a special certification with notifications of proposed sales to Greece and Turkey.

e. The International Security and Development Cooperation Act of 1985, section 130(c), requires a special certification with notifications of proposed sales of U.S. advanced aircraft, new air defense systems, or other new advanced military weapons to Jordan. Certifications will be prepared by the Department of State and signed by the President, and will be appended to applicable notifications.

8-3. Military justification

a. DOD 5105.38-M, table 703-4, outlines the military justification for proposed sales. It presents the main points of interest to senior executives, branch officials, members of Congress and their staffs, the news media, and the public. The format need not be followed rigidly if variations produce a clearer presentation. Each aspect listed should be considered but need not be included if there is no related information. The content and length will depend on the purchasing country, and the defense articles or services proposed for sale.

b. The information required for paragraphs 2, 3, 4, and 7, of table 703-4 will be completed by USASAC. Information for paragraphs 1, 5, and 6 will be furnished by the preparing command. For paragraph 6, if additional U.S. Government personnel and contractor representatives are required, the number and length of time required must be provided. List each category separately; do not combine type of personnel and length of time.

8-4. Sensitivity of technology

a. Requirements for a sensitivity of technology statement are

provided in DOD 5105.38-M, paragraph 70302.B.3. The sensitivity of technology statement should contain, at a minimum, the data specified in the first paragraph of DOD 5105.38-M, table 703-6A. Sensitivity of technology statements for items not managed by the preparing command should be obtained from the responsible command or agency.

b. The CPM will include all information relating to National Disclosure Policy. Coordination with USASAC (AMSAC-MI) and AMC (AMCMI-CT) is required before submission to DSAA.

c. When provisions of the Arms Export Control Act, section 36(b)(5)(A) apply, a report will be sent to USASAC in the format provided in DOD 5105.38-M, table 703-6B. When provisions of section 36(b)(5)(C) apply, the format provided in DOD 5105.38-M, table 703-6.C, will be used. USASAC will send reports to DSAA (FMSCD) with a copy of the original section 36(b)(1) certification attached.

8-5. Impact on current readiness report

a. Preparation of the data in DOD 5105.38-M, table 703-7, is required for LOAs that offer to sell or transfer defense articles valued at \$50 million or more from the inventories of active U.S. military forces, or from current production.

b. The report is required when FMS requirements are to be withdrawn from Special Defense Acquisition Fund (SDAF) assets on hand and/or from SDAF procurements that may be concurrent with procurements for U.S. Government requirements.

c. The \$50 million threshold applies when a sale is to be made through a U.S. Government procurement that is concurrent with a procurement for U.S. Government requirements. It also applies if the sale is to be drawn from SDAF assets.

d. No report is required for sales proposed from other than the inventories of active U.S. military forces, or for sales to be made from a U.S. Government procurement that does not involve a concurrent procurement for U.S. Government requirements at the time the LOA is accepted.

e. The initial issue quantity referred to in DOD 5105.38M, table 703-7, paragraph h(1), is the quantity required to equip existing units, or units that are programmed and funded based on tables of organization and equipment, or tables of distribution and allowances.

8-6. Classification

Classification guidance for congressional notifications is provided by DOD 5105.38-M, paragraph 70305.

8-7. Withdrawal of tanks from U.S. Armed Forces

If tanks will be withdrawn from U.S. Armed Forces to meet high-priority FMS requirements, a determination will be included in the congressional notification that the proposed sale will not increase the shortage of tanks in the U.S. Reserve Components during the current 5-year defense plan. If tanks must be withdrawn from the U.S. Reserve Components, Congress must be advised of specific replacement plans.

Chapter 9 Cooperative Logistics Supply Support Arrangements

9-1. General

A Cooperative Logistics Supply Support Arrangement (CLSSA) is an agreement between the U.S. Government and a foreign government or international organization that provides for peacetime supply support through the U.S. logistics system. CLSSA requests will be processed in accordance with procedures in paragraph 2-3. Terms and conditions are shown in figure 9-1, and become an annex to each completed CLSSA.

9-2. Concept

a. CLSSAs represent investments by purchasing countries in the U.S. Army logistics system, and allow for the acquisition of additional stocks to support systems and equipment. Once the supply pipeline has been increased, each participating country requisitions and receives logistical support consistent with the logistics priority of its assigned force activity designator. Support is provided on the same basis as U.S. units with equal priority. This enables the purchaser to participate as an equal partner in the U.S. Army logistics system and establish equity in U.S. Army inventory.

b. A CLSSA is normally the most effective means of—

(1) Providing repair parts and secondary item support for equipment of U.S. origin maintained in the inventories of purchasing countries.

(2) Replenishing the in-country inventories of concurrent spare parts furnished with equipment end items.

(3) Obtaining other authorized repair parts needed for follow-on support of certain end items.

c. Because of procurement lead times, CLSSAs should be implemented not later than 24 months before planned replenishments of concurrent spare parts inventories.

d. Detailed financing, funding, and accounting procedures are provided in AR 37-80, chapter 7.

e. Standard footnotes R10 and S16.B should be included in CLSSA cases to clearly identify restricted supply items.

9-3. Procedures

a. Participating countries will—

(1) Identify end items and ancillary equipment requiring support by national stock number (NSN) or type numbers and quantities, and provide listings to the USASAC Cooperative Logistics Division (USASAC-OL-C). Lists will also identify the levels of maintenance required and differences in configurations, and provide a concept of operations.

(2) Review the initial list and annotate justifiable changes, such as quantities and additions or deletions of NSNs.

(3) Review and sign DD Forms 1513, return signed copies to USASAC and SAAC, and provide the initial deposit to SAAC, in compliance with the financial terms.

(4) Identify major changes to the list of end items and ancillary equipment during the annual renegotiation process, review the revised support list, sign the amended case, and submit the required deposit to the Security Assistance Accounting Center (SAAC).

(5) Notify USASAC-O of any decision to terminate the agreement not later than 6 months prior to the annual renegotiation.

b. USASAC will—

(1) Review and process all LOAs and amendments in accordance with current procedures and forward to DSAA for countersignature.

(2) Forward the countersigned forms and amendments to the customer for review and acceptance.

(3) Review signed DD Forms 1513 returned by customers, verify the availability of obligation authority, and implement approved and accepted cases.

(4) Ensure compliance with regulatory guidance.

c. USASAC-O will—

(1) Serve as the Army manager for CLSSA programs.

(2) Establish internal management procedures, as necessary.

(3) Coordinate with MSCs, establish consolidated negotiation lists and all subsequent renegotiation lists.

(4) Compute accepted case values, prepare DD Forms 1513, and submit appropriate data to AMC (AMSAC-CF-OA) for entry in PBAS.

(5) Provide copies of implemented cases and amendments to appropriate MSCs.

(6) Provide required NSN and case program data to MSCs for use in loading CLSSA visibility and management files (DIC X3R).

(7) Prepare special program requirement cards for all items managed by non-AMC activities and forward the cases to applicable supply sources.

(8) Monitor implemented defined-line cases to ensure that follow-on CLSSA support is offered in a timely manner.

(9) Establish and maintain the CLSSA visibility and management file for non-AMC items.

(10) Renegotiate with the customer countries at least annually to ensure that CLSSAs provide appropriate support.

(11) Assist countries to the extent possible to reduce the potential for liability when full or partial termination is requested.

d. MSCs will—

(1) Act as end item managers; compute and verify initial support requirements, based on requests from USASAC-O.

(2) Provide recommended support packages to USASAC-O by magnetic tape (DICs X1R or X2R) or AUTODIN data transmission.

(3) Establish and maintain CLSSA visibility and management files for supported items.

(4) Process CLSSA demands through requisition activity.

(5) Provide USASAC-O with proposed renegotiation levels, as requested.

(6) Coordinate necessary actions to obtain obligation authority and progress payments, in accordance with paragraph 9-4b(1).

9-4. Development

a. Supply support provided under a CLSSA normally is limited to major items of equipment that are common to the purchasing country and the U.S. Armed Forces. Other equipment of U.S. origin and design that is in the active inventory of the foreign government may be supported as mutually agreed through a defined-line case.

b. CLSSA development requires preparation of two separate foreign military sales orders (FMSOs), using separate DD Forms 1513. Each is described as follows:

(1) The FMSO I case consists of two parts: part A, payable in cash, gives the estimated value of inventory on hand; part B gives the value of inventory on order. Stock levels are determined by the appropriate MSC. Paragraph 9-4f explains how to compute the values of on-hand and on-order inventories. Parts A and B provide the basis for obtaining obligation authority to finance the purchase of on-hand and on-order inventory. Payment required upon acceptance of the FMSO I should equal the on-hand portion (part A) of total materiel value. Cash for suppliers of the on-order portion is provided by funds received under FMSO II, for a mature CLSSA, and part A of FMSO I, for others. If part A cash is insufficient to procure the required on-hand stocks, the part A level may be increased to pay the country's pro rata share of progress payments to contractors.

(2) The FMSO II case represents anticipated yearly consumption under a CLSSA. The customer is required to pay cash in advance to the FMS Trust Fund for each quarter. These payments fund the requisitions submitted for the quarter. A financial annex to DD Form 1513, shown in figure 7-1, includes an estimated payment schedule specifying quarterly financial requirements for the anticipated year's consumption. Billings for requisitions processed under FMSO II are subject to administrative surcharges, asset use charges, and applicable accessorial charges. If the requirement is not mature or is unprogrammed, such as a requirement that is not included in the initial support list, the billing will be at the replacement cost, unless the materiel is excess, or above the reorder level.

(3) DD Form 1513-1 will be used to amend FMSO cases, such as extensions of ordering periods and increases in materiel value caused by increases in annual requirements.

(4) DD Form 1513-2 will be used to modify FMSO cases, such as notifications of cost increases and changes in payment schedules, or to extend the ordering period without a change in case value.

c. Repair parts and secondary item support is normally limited to replenishment of in-country depot stocks and theater support stocks used in unit- through intermediate-level maintenance.

d. The responsible MSC determines the general range and quantity of repair parts required and the funding needed to support the densities and anticipated use of the supported major items, based on the USASAC-O request.

e. The proposed increase in U.S. logistics system stockage levels needed to provide CLSSA support is shown in a tabulated initial

negotiation list. The tabulation shows NSN data for all items required in support of the end item and is based on U.S. Army use factors applied to the purchaser's program data. It includes the number of additional weapon systems requiring support, levels of maintenance, end item configurations, flying hours, and concepts of operations. The value of the customer's investment in supply system stocks for each NSN is determined by multiplying the total requirement by the anticipated replacement cost of the support item.

f. The dollar value of on-hand materiel (FMSO I, part A) will normally equal the safety level plus one-half of the reorder cycle for commodity-supported repair parts. The on-order quantity (FMSO I, part B) will be based on the number of months of procurement lead time plus one-half of the reorder cycle.

g. A new baseline negotiation list will be developed to determine the level of investment whenever there are major changes in program data, configuration, or densities of supported major items or weapon systems, or when there are country funding constraints.

h. The Arms Export Control Act requires congressional notification for any FMSO I or FMSO II case with a value of \$50 million or more.

9-5. Negotiation and implementation

a. The U.S. Army will procure and stock secondary items and repair parts for CLSSA customers based on requirements furnished by USASAC-O to the supply activity. Requirements will reflect the results of negotiations with supported countries. They will be entered into the Requirements Determination and Execution System at MSCs by NSN to augment U.S. Army stocks and establish each country's asset liability.

b. The initial negotiation list is the basis of cost estimates used in negotiations.

c. The purchaser may increase quantities if warranted by operational needs. The purchaser is not restricted to quantities shown on the initial negotiation list.

d. All CLSSAs involve investing funds in the U.S. inventory based on the dollar value of the repair parts and secondary items required to support the specified major items. Materiel provided under a CLSSA that has been in effect for the required procurement lead time is billed at the current standard price. Requirements for materiel provided under a CLSSA that has not been in effect for the procurement lead time are not considered mature, and items furnished are billed at the replacement price. This policy also applies to unprogrammed demands.

e. USASAC-O will assign case designators to new FMSO I and FMSO II requirements, according to the provisions of paragraph 5-2, and establish a case file. The MSCs will be requested to develop recommended stockage lists of repair parts. These data, which convey end item and associated support items (DICs X1R or X2R), will be forwarded to USASAC-O, which will validate the data, establish appropriate files, and prepare the initial negotiation list. It will also prepare DD Forms 1513 (FMSO I and FMSO II) and furnish the appropriate MSCs with initial case load data (DIC X3R) by AUTODIN data transmission to establish CLSSA visibility and management files within the Commodity Command Standard System (CCSS), as described in paragraph 9-9.

f. DD Forms 1513 (FMSO I and FMSO II) will be forwarded to USASAC for review and processing, and forwarding to DSAA for review and countersignature. DSAA will return countersigned forms to USASAC, which will forward them to customers for review and signature. After a case has been countersigned by DSAA, no changes may be made to dollar value or supported items before customer acceptance unless authorized in writing by USASAC as pen and ink changes. The country representative will sign DD Form 1513, return copies to USASAC and SAAC, and forward the required initial deposit to SAAC. After receiving the case from the customer and verifying that SAAC has issued the appropriate obligation authority, USASAC will implement the case and forward it to USASAC-O, and provide an information copy to SAAC. SAAC

will record the acceptance and all initial deposits, establish an obligation authority ceiling at FMS case level in PBAS, and provide the country with DD Form 645A.

g. Upon implementation, the appropriate MSCs will receive copies of DD Form 1513-series documents and manage CLSSA demands and requisition activity.

h. USASAC-O will release pseudorequisition numbers (document numbers) for the entire FMSO I materiel value to allocate cash and obligation authority to the applicable supply sources as shown on the initial support list. The pseudorequisition will represent both program authorization and obligation authority for stock fund requirements, but only program authorization for procurement requirements.

i. Applicable supply sources will be provided cash to finance FMSO I part A inventory purchases, based on ratios established by USASAC-O.

j. Special program requirement cards are prepared from the USASAC-O FMSO suspense data file for all items managed by non-AMC activities and are forwarded to the applicable supply sources. The cards will inform the non-AMC activities of anticipated requirements.

9-6. Requisitioning and funding

a. Details regarding financial considerations associated with CLSSAs are provided in AR 37-80, chapter 9.

b. The obligation, acquisition, requisition, issue, and payment cycle is described as follows:

(1) Parts A and B, FMSO I, provide for obligation authority up to the case materiel value.

(2) The cash provided under FMSO I, part A, finances the on-hand inventory level.

(3) FMSO II requisitions are filled from on-hand inventory.

(4) On-hand inventory is replenished from contracts awarded under obligation authority granted by FMSO I, part B.

(5) Contractors are paid from funds provided by FMSO II for contracts awarded by FMSO I, part B.

(6) Obligation authority granted by FMSO I, part B, should be re-created based on requisitions received and processed against FMSO II. FMSO II requisitions will result in actual materiel shipments, the value of which will re-create obligation authority to replace assets ordered.

c. FMSO I obligation authority is limited to the case materiel value, as follows:

(1) Obligation authority for FMSO I cases will be issued to or obtained by the appropriate MSC to increase stockage levels through the Requirements Determination and Execution System of the CCSS, in anticipation of requisitions from the customer country.

(2) If FMSO I obligation authority is less than that needed to support full requirements, the MSC will coordinate with USASAC-O.

d. FMSO II requisitions received before the case commitment date will not be treated as mature demands, as explained in paragraph 9-5d. Replacement pricing formulas in AR 37-60 apply to all requisitions received before the case commitment date, and to unprogrammed items and items that have exceeded authorized levels in the CLSSA visibility and management file. The following procedures apply:

(1) Requisitions will be processed in the same manner as requisitions submitted under a blanket order case.

(2) The commitment date occurs once the procurement lead time needed to increase the stock levels has been met and the requirement is considered mature. A country may then requisition and receive support on the same basis as U.S. units having equal priority.

(3) Requisitions related to new end items added to an existing CLSSA must wait the normal procurement lead time before being filled from stocks below the reorder point, even though other equipment lines on the CLSSA are mature.

(4) The filling of mature FMSO I requisitions depends on the authorized requisition quantity (ARQ) and the issue priority designator (IPD). The ARQ is input to CCSS as the quantity required to

support a system for 1 year. Quantities on mature requisitions entering the supply system at the MSC will be processed based on the ARQ. The IPD determines the minimum level of issue from on-hand inventories.

(a) Mature FMSO II requisitions with IPDs 01 through 03 will be filled up to the CLSSA ARQ. Assets will be issued to zero balance (excluding war reserves). Any quantity in excess of ARQ will be placed on backorder unless assets are available above the reorder-point quantity.

(b) Mature FMSO II requisitions with IPDs 04–08 will be filled up to the CLSSA ARQ. Assets will be issued down to a protectable high level. The portion not available within that level will be placed on backorder.

(c) The protectable low level is the quantitative constraint placed on requisitions with IPDs 09–15.

(5) When the requisition value exceeds 100 percent of the case materiel value, USASAC will reject all requisitions, using status code C2, unless an amendment or modification is in process.

e. Assignment of requisitioning priorities by participating countries must conform to the applicable urgency-of-need designator within the Uniform Materiel Movement and Issue Priority System (UMMIPS). USASAC–O will monitor compliance.

f. Pricing of materiel furnished under a CLSSA, plus administrative, storage, asset use, and packing, crating, and handling charges will be in accordance with provisions of AR 37–60 and AR 37–80.

9–7. Renegotiation

a. USASAC–O will review all FMSO I cases at least annually to ensure that items required by customers are included in the U.S. supply pipeline. All revisions will be formally agreed to during the annual renegotiation process between the country and the U.S. Government.

b. On request, the appropriate MSC will develop a renegotiation register and forward it to USASAC–O for consolidation with non-AMC activity data. Excess or obsolete materiel that must be drawn down by the customer should be identified. The renegotiation register is then forwarded to the customer for preliminary review.

c. If the country finds the register acceptable, supply-level values will be computed and applied to the FMSO I amendment and the new FMSO II.

d. Activities involved in the renegotiated case will use the implementation procedures prescribed in paragraphs 9–4d through 9–4h above.

9–8. Termination

a. CLSSAs are primarily intended as peacetime support commitments, although it may be in the best interests of both the U.S. Government and the customer countries to continue the arrangements during periods of hostilities to the extent possible. Provisions allowing cancellation by either government are contained in general conditions A6 and A7 of annex A to LOAs. The option to terminate in the U.S. national interest may be exercised selectively by the U.S. Government, as circumstances warrant.

b. In peacetime, either party may request termination by giving a minimum 6-month written notice. Upon receiving a termination request, USASAC–O will request a termination register from the appropriate MSC, reflecting the asset equity of the country, and listing, by NSN, the country's pro rata share of quantities on order and on hand above the level of U.S. military requirements. USASAC–O will furnish the register to the customer country.

(1) The country may withdraw its share of stocks between the date of notice of termination and the expiration date by notifying USASAC–O. Asset withdrawal will reduce the country's equity. The CLSSA visibility and management file established in the CCSS and the Centralized Integrated System for International Logistics (CISIL) provide the capability to identify candidate items for withdrawal.

(2) Upon issuing or receiving a termination request, USASAC–O will renegotiate the FMSO I and FMSO II to adjust the dollar level of investment. The value of any reduction in customer equity will be

annotated on a DD Form 1513–1 as memorandum information only, unless the U.S. Government or another customer is able to buy out the equity. FMSO I, parts A and B, must include the value of on-hand stock and customer-purchased stock withdrawn. To withdraw the part B quantity, the DD Form 1513–1 generated as a result of renegotiation will also increase the value of part B by the amount required to fund withdrawal requisitions. This value will be reduced by a DD Form 1513–2 after billing. The modification will also reflect renegotiated quantities and reductions to the value of part A, for items absorbed by the U.S. Army. Once the amendment is implemented, USASAC–O will issue funded withdrawal requisitions.

(3) All requisitions will be coded to show nonrecurring demands and will contain assistance code U in card column 35, demand code P in card column 44, and a project code approved by the Logistics Systems Support Agency in card columns 57–59.

(4) On the expiration date, the country will be liable for all materiel remaining on hand and on order that cannot be absorbed by the U.S. military services. The country may dispose of remaining items by withdrawing them directly, or may request disposal through the U.S. Government. The value of materiel on hand that can be absorbed will be refunded; the administrative charge will not.

c. A CLSSA will be considered terminated only when the following supply and financial transactions for both FMSO I and FMSO II are completed:

(1) All stocks on hand and on order have been withdrawn or disposed of in accordance with existing regulations.

(2) Any applicable storage costs have been paid.

(3) All collections have been recorded in the proper carrier (appropriation) accounts.

(4) Funds deposited under FMSO I or FMSO II that have not been applied to closing transactions have been refunded, or applied as directed by the customer. The U.S. Army component providing supply support will coordinate final settlement with USASAC–O in order to ensure an orderly and complete termination.

d. FMSO I decreases resulting from CLSSA renegotiations must first be compared to U.S. Army requirements to determine items and quantities that can be absorbed. Any quantity that cannot be absorbed is considered a negative-difference-not-required, and will be treated as a liability (part B) for the DD Form 1513–1 processed to reflect FMSO I adjustments.

e. Partial terminations may be initiated by either a supply source, to eliminate individual items or reduce quantities due to declining demand or obsolescence, or a country, to decrease or terminate support for specific end items. Partial terminations will be processed per paragraphs 9–8b and 9–9e.

9–9. Visibility and management file

The visibility and management file is established in the CCSS and CISIL, and provides line item visibility of individual CLSSA requirements reflecting country, case, and program support levels for items managed by both AMC and non-AMC activities. Its capabilities include the following:

a. Providing the basis for computing CLSSA requirements at the MSC through interface with the Requirements Determination and Execution System.

b. Identifying pipeline levels by NSN, country, and case.

c. Establishing authorized requisition quantities by NSN, country, and case.

d. Determining the maturity of CLSSA requisitions, based on actual procurement lead times.

e. Identifying items that may be drawn down by the customer in response to declining demand, obsolescence, or termination.

f. Identifying FMSO I, parts A and B, and FMSO II dollar requirements while providing detailed support for renegotiations or terminations.

g. Computing requirements for non-AMC-managed items, based on customer demands, and using the same format as AMC-managed items.

h. Determining the maturity of requisitions for non-AMC-managed items, based on established parameters.

9–10. Administrative charges

a. The following administrative charges are applicable to CLSSAs and will be included in the billing process:

(1) An administrative surcharge is applied to the FMSO I, part A. Standard footnote A3.B should be included in FMSO I cases and amendments.

(2) An annual assessment is applied to cover the cost of storage.

(3) An administrative surcharge is applicable to FMSO II cases.

b. Computations and procedures to apply these charges are found in AR 37–80.

9–11. Extensions to ordering periods

The ordering period for FMSO II cases is normally 1 year, and may be extended only under the following circumstances:

a. USASAC (USASAC–OL–C) may authorize a 90-day extension. When authorized, USASAC will notify the appropriate MSCs prior to the original expiration date to permit updating of the CCSS.

b. If stockage levels are not changed during annual renegotiations, and an amendment to the FMSO I is not necessary, the ordering period for the FMSO II case may be extended for 1 year by a DD Form 1513–2.

COOPERATIVE LOGISTICS SUPPLY SUPPORT ARRANGEMENT ADDITIONAL TERMS AND CONDITIONS

I. PURPOSE

The purpose of this arrangement is to enable the Government of _____ to use the United States Department of Defense logistics system to obtain support for the weapon systems and mission-related items identified in annex B. This arrangement covers reparable and expendable items in support of weapon systems covered by the arrangement and is known as the Cooperative Logistics Supply Support Arrangement.

II. MATERIEL REQUIREMENTS

A. Concept

1. This arrangement provides for the establishment of separate levels of support to provide spare and repair parts for operational units, the country supply system, and a reserve retained in the custody of the United States.

a. Stockage for the first two levels is established by the customer and purchased separately. It is essential to establish and maintain a minimum 12-month supply of stocks in country for each of the first two levels.

b. Stocks for the third level will be established following acceptance and funding of Foreign Military Sales Order I. These stocks will be an integral part of the DOD supply system and will not be physically segregated or accounted for separately from other DOD stocks. Funds provided under this order will be used to buy and position these stocks, and for administration.

2. Upon entering the arrangement, the customer agrees to abide by the policies and procedures of the U.S. logistics system. To be effective, the arrangement requires orderly replenishment of customer stock levels, identification of one-time requirements, requisitioning limited to support of the end items covered by the arrangement, and strict adherence to the Uniform Materiel Movement and Issue Priority System. If abuses occur that jeopardize support of U.S. Armed Forces or other supported countries, the United States reserves the right to suspend requisitioning until the problem is resolved to the mutual satisfaction of both parties.

B. Scope

Support available to the customer includes centrally managed and stocked spare and repair parts normally available to DOD forces for support of the specified weapon systems. Explosives are an exception and should be obtained under separate cases. Spare and repair parts required to support weapon systems that are not standard to the United States will not normally be provided.

C. Stock Levels

1. The amounts by which DOD stock levels must be augmented in order to provide the required support are identified separately in an Initial Support List that shows the national stock numbers of all items for which demands are expected. The amounts are computed based on U.S. usage factors and customer program data that includes the number of weapon systems to be supported, levels of maintenance, and tempo of operations. The expected demand is multiplied by the unit price of each item to determine the dollar value of the demand. The dollar value of materiel required to be on hand is considered part of the U.S. Army supply system pipeline and normally consists of the operating level, which is the safety level and one-half of the reorder cycle. The on-order portion represents the remainder of the pipeline, which is the other half of the reorder cycle, plus actual procurement lead time. Levels may be adjusted as required to more realistically reflect actual on-hand and on-order requirements and/or cash disbursement requirements to meet procurement obligations. This listing is the basis for the estimated cost of augmenting DOD stocks and is shown on the face of the DD Form 1513.

2. It is recognized that the customer will not requisition specific quantities of each item according to the demand pattern shown on the negotiation list. Accordingly, United States inventory managers will not necessarily buy and reserve on-hand quantities of the items shown on

Figure 9-1. CLSSA annex to DD Forms 1513, 1513–1, and 1513–2—Continued

the negotiation list. Instead, Inventory Control Points (ICPs) will buy sufficient stocks to support a combined force of United States and customer weapon systems, using United States logistics practices. Thereafter, the dollar level of customer demand will be monitored. The required level of investment for both on-hand and on-order materiel will be computed on an item and financial basis and will vary in direct proportion to changes in demands, program data, or weapon system configuration. In all cases, a negotiation/renegotiation register will be developed to determine the required level of investment.

III. ORDERS

A. Foreign military sales order I—stock level case

This case provides funds to augment DOD stocks in anticipation of customer demands. It provides continuing authority to procure items necessary to maintain stock levels on behalf of the customer. The dollar value is the estimated cost of augmenting DOD stocks based on the support list discussed in paragraph IIC, plus a prescribed systems charge. Prices are standard prices. The required level of investment will be monitored continuously, and adjusted as necessary, as explained in paragraphs IIC and VIIIA.

B. Foreign military sales order II—requisition and storage case

This is an annual order that is undefined as to items and quantities, and covers the estimated cost of annual withdrawals from the DOD supply system, both programmed and unprogrammed, and the cost of storing the on-hand materiel identified in the stock level case. Funding will be as specified in paragraph VIIIB.

C. Requisitions and issues

1. The customer will forward requisitions to Commander, USASAC, ATTN: AMSAC-XX, New Cumberland Army Depot, New Cumberland, PA 17070-5096 USA. Requisitions will be submitted according to U.S. Military Standard Requisitioning and Issue Procedures (MILSTRIP) and the Uniform Materiel Movement and Issue Priority System.

2. Delivery of materiel will normally be made to the forwarding agent in the United States designated by the customer. The customer will pay for transportation to the designated agent and will bear all risk of loss or damage to materiel in shipment.

IV. SUPPORT PRIORITY

A. Force activity designators (FADs) are assigned by the U.S. Joint Chiefs of Staff. The customer will monitor requisitioning activities to ensure proper use of the assigned designator, consistent with the Uniform Materiel Movement Issue Priority System.

B. Requisitions placed by the customer before augmentation is complete will be filled from stocks above the reorder point. When stocks are augmented, assets will be released on the same basis as for U.S. forces with the same force activity designator and urgency of need, subject to the following constraints:

1. Requisition and storage case requisitions will be filled up to maximum release quantities. The balance will be canceled unless advice code 2L is used, indicating that the customer is aware that the maximum release quantity is being exceeded. In that case, the maximum release quantity will be filled from available stock and the balance will be backordered, or filled from stock above the reorder point.

V. STORAGE, MAINTENANCE, AND MODIFICATION POLICY

1. The quality of items furnished to the customer will be identical in all respects to those furnished to the U.S. Army and will be stored, maintained, and modified according to DOD policies and practices. 2. Requisition and storage case requisitions for critical items, and items for which wholesale stock is at or below the safety or comparable level, will be reviewed to ensure that the item is applicable to the weapon system being supported and that the quantity is not excessive.

VI. REPURCHASES

Upon request of the U.S. Army, the customer will, to the extent compatible with its supply requirements, sell items delivered under this arrangement back to the United States at a fair price to be mutually agreed. The price will not exceed the current price of such items, plus the costs of any modifications performed at the expense of the customer, plus accessorial charges paid by the customer. Transportation will be at the expense of the U.S. Army.

VII. EXPANSION OF FACILITIES

The cost of any additional capacity needed to accommodate additional quantities of items acquired by the United States will be borne as agreed between the U.S. Army and the customer. If it is not possible to reach agreement on cost sharing, the obligation will be limited to fulfilling

Figure 9-1. CLSSA annex to DD Forms 1513, 1513-1, and 1513-2—Continued

requirements within the available capacity of existing facilities. The U.S. Army will notify the customer of the need for additional capacity at the earliest practical time.

VIII. FUNDING

A. Stock level case

1. Initial funding

a. On-hand portion. The customer will pay in cash with the order an amount equal to the total value of the on-hand equity. The customer will also pay the prescribed administrative surcharge, which is not refundable.

b. On-order portion. The customer will provide a dependable undertaking for the value of the on-order liability. 2. Amendments to adjust the investment level. The customer will fund increases in the on-hand portion of the stock level case in cash, and increases in the on-order portion by increasing the dependable undertaking. The U.S. Army will normally refund decreases in the on-hand portion of the stock level case and decrease the obligation of the dependable undertaking for the on-order portion, except for a pro rata share of applicable stocks on hand and on order above the level of U.S. Army requirements. The customer may liquidate the investment by withdrawing the items, or by requesting disposal by the U.S. Army on its behalf. Administrative charges for decreases in investment will not be refunded.

B. Requisition and storage case

1. The cost of the requisition and storage case will include the estimated total materiel cost, appropriate transportation charges, and the following additional charges:

- a. A prescribed percentage for packing, crating, and handling.
- b. A prescribed administrative charge.
- c. A prescribed asset usage charge.
- d. A prescribed storage charge.

2. The customer will make an initial cash deposit with the Security Assistance Accounting Center, Lowry AFB, CO 80279-5000 USA, in the amount shown on the face of the Letter of Offer and Acceptance. Succeeding quarterly payments will be made by the customer according to the schedules of payments shown. If, during the course of the quarter, the value of the requisitions submitted and other costs incurred, exceed the value of deposit, the Security Assistance Accounting Center will submit a request for additional funds. Funds not required during a quarter will be carried forward to the next quarter. Any balances remaining after the case expires will be credited to the customer at the time of termination.

IX. TERMINATION

A. Cooperative logistics supply support arrangements are intended to be peacetime commitments. However, it may be in the best interests of both parties to continue the arrangement during hostilities, to the extent possible. Although general conditions A6 and B7 of annex A of the Letter of Offer and Acceptance provide for cancellation by either government, the option to terminate in the national interest of the United States will be exercised selectively, as circumstances warrant.

B. Upon receipt of a request to terminate the arrangement, the stock level case will be renegotiated to adjust the dollar level of investment to the most recent dollar level of demands. A termination register will be prepared and forwarded to the customer, which will list, by line item, its pro rata share of all quantities on hand and on order, above the level of requirements. The customer will have the opportunity to withdraw these stocks during the period between notification and the termination by providing notice to the address shown in paragraph IIIC1. The customer will be liable for all materiel on hand and on order as of the termination date that cannot be absorbed by the United States. The customer will be charged for any remaining quantities ordered and will have the option of liquidating the remaining investment by withdrawing the items or requesting the United States to dispose of them on its behalf. The United States will refund the value of materiel absorbed. Administrative costs related to the disposal will not be refunded.

Figure 9-1. CLSSA annex to DD Forms 1513, 1513-1, and 1513-2

Chapter 10 Maintenance Support Arrangements

10-1. General

a. A maintenance support arrangement (MSA) is a contractual agreement between the U.S. Army and the defense establishment or armed forces of a foreign government that provides for U.S. depot-level maintenance support to augment internal maintenance capabilities.

b. The MSA authorizes the customer to return unserviceable assets to a U.S. maintenance facility for repair and return to country. It identifies the items to be returned by quantity and NSN. In some instances, the agency with maintenance responsibility for the MSA

line or the maintenance facility will contract with commercial facilities for needed repairs. It also defines the level and extent of maintenance to be performed and identifies the appropriate standards.

c. Items that are included in an MSA are normally U.S. standard items that are common to both the U.S. and customer inventories and were obtained through the security assistance program.

d. Inclusion of other items may be negotiated on an item-by-item basis, using the following considerations:

- (1) Similarity between the U.S. Army materiel and customer materiel.
 - (2) Interchangeability of parts.
 - (3) Tools, test equipment, and special facilities required.
- e. Line managers will provide the U.S. Army Depot Systems

Command (DESCOM) with a forecast of projected FMS depot maintenance requirements at least 1 year in advance.

f. The MSA concept will be explained during negotiations for the initial sale, as required by the Total Package Approach concept detailed in chapter 6. MSA cases should be requested as soon as possible after the initial sale so that the U.S. Army can properly plan for resources to perform the work.

g. HQAMC (AMCSM-M) approval is required before establishing or restoring any maintenance facilities that will be used solely to accommodate security assistance requirements. Any such arrangements will specify costs chargeable to the customer.

10-2. Procedures

a. USASAC will—

(1) Coordinate as necessary to define the level and extent of the required maintenance.

(2) Provide tasking, guidance, and direction to the case preparer.

(3) Review and process necessary DD Forms 1513, 1513-1, and 1513-2, and forward to DSAA for countersignature.

(4) Forward countersigned DD Forms 1513 and 1513-1 to the customer for review and acceptance.

(5) Verify the availability of obligation authority in PBAS and implement the case.

(6) Distribute copies of implemented cases per paragraph 15-1d.

(7) Monitor the program to ensure compliance with regulatory guidance.

b. MSCs will—

(1) Prepare DD Forms 1513, 1513-1, and 1513-2.

(2) Comply with any special instructions provided by USASAC.

(3) Ensure that the MSA clearly defines the services to be performed, and realistically projects U.S. Army capability to provide such services in the required timeframe.

(4) Initiate procurement and supply action for necessary repair parts after case implementation.

(5) Initiate commercial contracts for repairs or services that are not available in U.S. maintenance facilities.

(6) Issue the authorized and funded workload program to DESCOM using a direct cite of the FMS Trust Fund allotment when the program becomes executable.

(7) Obtain disposition instructions from the customer for any items returned for repair that are deemed not economically repairable, unless instructions are provided in the LOA.

c. DESCOM will—

(1) Serve as focal point for depot repair programs.

(2) Provide relevant data, such as work hours, cost estimates, and scheduling, to MSCs for billing and responses to country inquiries.

(3) Upon receipt of a procurement request order number (PRON), advise MSCs and USASAC-O of the schedule for repair program completion.

(4) Provide responsible MSCs with production and cost data, using customer document numbers, within 45 days of completing repairs.

d. U.S. maintenance facilities will—

(1) Provide maintenance support for customer assets to be repaired and returned.

(2) Report receipt of customer assets to MSCs by providing DD Form 1348-1 data.

(3) Sign one copy of DD Form 1348-1 and send it to the customer as confirmation of receipt. This document will allow the customer to maintain accountability during the repair cycle.

(4) Inspect equipment to determine condition. If it is not economically repairable, inform the proper MSC. Report the cost of the technical inspection on the Program Status Report to the MSC responsible for billing.

(5) Provide DESCOM with the schedule of work or services to be performed. Furnish costs and progress reports required by maintenance reporting procedures.

(6) Requisition, stock, and issue repair parts.

(7) Repair and return materiel as directed.

(8) Perform modifications according to customer instructions stated on DA Form 2407.

(9) Initiate commercial maintenance contracts for services that cannot otherwise be provided.

(10) Forward DD Form 1348-5, Notice of Availability/Shipment, to the customer or freight forwarder, and provide information copies to USASAC-O, when materiel is ready for shipment.

(11) Ship materiel according to instructions provided by the customer or freight forwarder.

(12) Provide shipment status to USASAC-O and the proper MSC.

(13) Provide repairable assets to contractor facilities, as directed by the appropriate MSC.

e. USASAC-O will—

(1) Issue a pseudorequisition when the case is implemented at a value equal to each MSA line or subline value and create a master computer record.

(2) Input customer document numbers to the case management file upon receipt of advance copies of DD Form 1348-1; establish a 90-day suspense for the maintenance facility to confirm receipt of the asset and initiate followup, as required.

(3) Coordinate appropriate investigations with the appropriate MSC when undocumented assets are received at a maintenance depot.

(4) Receive status reports from the MSCs and provide them to customers.

f. USAMMA will—

(1) Prepare DD Forms 1513, 1513-1, and 1513-2 for medical items, as required.

(2) Comply with any special instructions provided by USASAC.

(3) Initiate procurement and supply action for necessary repair parts after case implementation.

(4) Initiate commercial maintenance contracts for services or repairs that are not available in U.S. medical maintenance facilities.

(5) Provide relevant data, such as work hours, cost estimates, and scheduling, for billing purposes and responses to customer inquiries, as pertains to MSAs for medical materiel.

(6) Perform maintenance and repair services for medical materiel, as required.

10-3. Case processing

a. LORs requesting an MSA must provide a projected schedule of returns.

b. Provisions may be made for unscheduled requirements, which may be entered into the depot workload upon approval of the line manager and DESCOM. This effort may be funded by an emergency repair line in the LOA. The customer must provide the end item MSC with prior notification before returning the asset.

c. The line manager will load a planning program to the Maintenance Data Management System (MDMS) for each implemented LOA. This will allow for parts acquisition at the MSC and notify DESCOM and the depot of forthcoming requirements.

d. The customer must provide advance notice of returns. Assets must be returned on DD Form 1348-1, DOD Single Line Item Release/Receipt Document, with the letter "R" in card column 40. The document will be incorporated in the data forwarded through DESCOM to the depot. The International Logistics Directorates (ILD) at the MSC and USASAC-O will establish a suspense file in anticipation of receiving the unserviceable materiel.

e. Three copies of DD Form 1348-1, together with DA Form 2407, Maintenance Request, and a maintenance history will accompany the unserviceable equipment to the depot designated in the LOA. Standard footnote M4 explains this procedure and should be included in all LOAs.

f. The depot will report the arrival of the unserviceable materiel to the ILD within 14 workdays, and will forward a signed copy of the DD Form 1348-1 to the ILD and USASAC-O. In addition, a signed copy will be returned to the customer as evidence of receipt. The customer will maintain accountability of the materiel. The depot will record the asset by country and case and will have custodial responsibility until shipment.

g. If the depot has not reported receiving the unserviceable asset within 90 days of receipt of the advance notification, the MSC will coordinate with USASAC–O to determine status.

h. Programs may be authorized and funded to the depot when they become executable. To be executable, the program must have an implemented case, assets must be at or enroute to the depot, and parts must be available from depot or U.S. Army inventory. To meet commitments to customers, diversion authority may be requested when adequate parts are not available above the reorder point.

i. MDMS will report the status of the repair process to the MSC. Once the repair is completed, MDMS will reflect cost data by PRON and list each individual customer document number.

j. The depot will request the MSC to provide disposition instructions for all returned materiel deemed not economically reparable based on inspections performed by the maintenance facility using U.S. Army maintenance criteria. The MSC will obtain disposition instructions from the customer through USASAC–O.

k. The depot will not normally repair assets if the repair cost estimate exceeds the maintenance expenditure limit without requesting and receiving a waiver from the customer. The limit is established in the LOA.

10–4. Case preparation

a. LOAs will fully identify the repair or other services to be performed and the level of work required. Costs may be based on past experience and updated with current and projected cost factors from MDMS.

b. DD Forms 1513 for MSAs will include the following information:

- (1) A description of services to be performed, in block 13.
- (2) Delivery term codes (DTCs) from table 10–1, in block 20, opposite the MASL entry.
- (3) Estimated repair lead time after receipt of a reparable asset at the maintenance facility. Standard footnote L2 must be included because of the uncertainty in scheduling.
- (4) Standard footnote P20, specifying the period of performance. The period will normally be 1 or 2 years; however, it may be extended to a total of 5 years if the customer so requests on a DD Form 1513–1. Maintenance support requirements beyond 5 years must be negotiated as a new case.
- (5) Standard footnotes A4 and M4, which advise the purchaser of notification and documentation procedures for returned items.
- (6) A financial annex.
- (7) Other footnotes, as appropriate, from table 10–1.

Table 10–1
Standard footnotes for maintenance support arrangements

Standard footnote	Explanation
A1.A1, A1.B1, A1.E, or A1.F	Acceptance
A3.A	Admin charge (Canada and Germany only)
A3.C, A3.D, or A3.E	Administrative charge—cancellations
A4	Advance notification of shipment
A10	Annotation—documents and containers
C6	Change in repair depot
D1	Delegation of authority
D3.A	DTC
D6.A	Distribution of copies of DD Form 1513
E4	Estimated case closure date
L2	Lead time for repair
M4	Materiel documents
M10	MWOs
P8.A	Points of contact
P14.A	Pricing
P20	Period of performance
R4.A	Repair/overhaul (depot inspection)
R4.C	Repair/overhaul (reusable containers)
R12.A	Return of materiel (Mainz cases)
R12.B	Return of materiel requiring special handling

Table 10–1
Standard footnotes for maintenance support arrangements—Continued

Standard footnote	Explanation
R13	Review of items programmed for repair
S3.A or S3.B	Security
T14.I	Transportation (military)
T14.J	Transportation (other) (See note 1.)

Notes:

¹ Mainz cases use T14.K.

(8) Packing, crating, and handling charges should be included in the item repair price shown above the line on DD Form 1513. Transportation charges incident to return of the items should be shown in block 25. Transportation charges, or other accessorial charges, for repair parts used in the repair process are included in the item repair price shown above the line. Packing, crating, and handling charges, and transportation charges incident to return shipments should be based on the current standard price of the item, not the repair price. When customer-owned containers are used, a separate line for estimated handling costs should be included.

(9) When a reparable item is returned on a government bill of lading (GBL), the FMS trust fund is directly cited and SAAC pays the transportation cost. Billing data submitted by the MSC will indicate transportation charges to be billed and retained by SAAC.

10–5. Use of overseas military maintenance facilities

a. While maintenance support is normally furnished from the CONUS logistics base, it may also be provided from overseas maintenance facilities operated by AMC or overseas MACOMs. The following instructions apply MSAs that involve overseas maintenance facilities:

(1) A purpose statement similar to the following must precede the defined materiel lines: “The purpose of this case is to show the estimated costs for (enter maintenance facilities) and maintenance plans for repair of (enter weapon system). This maintenance support arrangement covers the period (enter dates) and replaces foreign military sales case (enter country case designator).”

(2) If more than one maintenance facility is to be used, a separate entry will be made on DD Form 1513 for each facility. Label the entries as Section I, Section II, continuing as needed. Under each section, provide the name and location of the maintenance facility. If only one maintenance facility is to be used, sections are not required.

(3) Use DTC E for overseas MSAs, since the customer is responsible for transportation to and from the maintenance facility. All shipping arrangements, including handling, transportation, and insurance, are the responsibility of the requesting country.

(4) The transportation charge applicable to parts used in the repair of the customer assets should be included in the total billing. Packing, crating, and handling charges should also be included in the repair cost. The maintenance facility shall ensure that transportation charges for prepositioned repair parts are included in the materiel portion of the total repair costs cited on the SF 1080 submitted by the billing activity.

(5) U.S. repair facilities will inspect returned assets before making repairs. The customer will be informed of any assets that are considered not economically reparable, and requested to furnish disposition instructions. USASAC–O must be notified of returns that are not reparable in order to maintain records on document numbers used by the customer. The customer will be furnished an estimated repair completion date, if the item is accepted. When the materiel is ready for return, the U.S. repair facility will issue a DD Form 1348–5 to the customer.

(6) The period of performance for MSA cases will normally be 1 or 2 years, but may be extended to 5 years, as provided for in

paragraph 10-4b(4). Document numbers assigned by the customer must correspond with the case performance period.

b. USASAC-O will prepare LOAs for U.S. Army Europe (USAREUR). P&A data will be obtained from the 200th Theater Army Material Management Center (TAMMC), which will also identify the performing activity, and the servicing resource management, and finance and accounting offices. This information should be provided within 15 days after receipt of the USASAC request.

(1) The first letter of trialpha case designator is Q.

(2) After case implementation, USASAC-O will provide pseudo-requisitions for each line item to the servicing finance office by electronic message. USAREUR will send bills to SAAC using the RIC of the billing finance office and the customer-assigned document number (card columns 30-43) and the pseudodocument number (card columns 8-21) from DD Form 1348-1. The supporting DA Form 2407 must contain the customer's document number and FMS case designator in block 16. The USAREUR Finance Office will forward a certificate of closure to USASAC-O when services and billing are complete. Transportation charges for prepositioned repair parts used and actual packing, crating, and handling charges should be included in the bill.

(3) The customer will use a B-type MILSTRIP document number and enter the letter R in the first position of the serial number field (card column 40) of DD Form 1348-1, and section 1, block 16, of DA Form 2407. The letter R distinguishes maintenance support documents from supply requisitions and prevents automatic supply from stocks. Materiel delivered to the U.S. overseas repair activity must be accompanied by three copies of DD Form 1348-1 and one set of DA Form 2407.

(4) Billing activities will submit bills to SAAC using the pseudodocument number established by USASAC for funding purposes.

c. USASAC-O will also prepare LOAs for Eighth U.S. Army (EUSA), Korea. P&A data will be obtained from EUSA (DJ-MS/MC). EUSA will also identify the supporting U.S. Army maintenance activity. The U.S. Army Finance and Accounting Office Korea (USFAFO-K) is the servicing finance and accounting office.

(1) The first letter of the trialpha case designator is R. Case designators RAA through RCZ apply.

(2) After case implementation, USASAC-O will provide pseudo-requisitions for each line item to USFAFO-K by electronic message. USFAFO-K will prepare the SF 1080 and forward it to the U.S. Army Finance and Accounting Center for preparation of bills. All bills must contain the customer's document number. Transportation charges for prepositioned repair parts used and actual packing, crating, and handling charges should be included in the bill.

(3) USFAFO-K must provide USASAC-O with a certificate of closure and DA Form 2407. The completed DA Form 2407 should be provided to USASAC-O when materiel has been returned to the customer and billing is in progress.

d. AMC MSCs will prepare cases for the U.S. Army Depot, Mainz, Germany, when tasked by USASAC.

(1) Depot workload for foreign customer assets is normally scheduled during an annual maintenance conference.

(2) The customer will use a B-type MILSTRIP document number and enter the letter R in the first position of the serial number field (card column 40) of DD Form 1348-1, and section 1, block 16, of DA Form 2407. The letter R distinguishes maintenance support documents from supply requisitions and prevents automatic supply from stocks. Materiel delivered to Mainz Army Depot must be accompanied by three copies of DD Form 1348-1 and one set of DA Form 2407.

(3) After case implementation, USASAC-O will provide pseudo-requisitions to the appropriate MSC. All billing will cite the customer's document number (card columns 30-43, DD-COMP(M) 1517).

(4) Mainz Army Depot will report receipt of unserviceable customer assets by DIC BTF document through DESCOM to the appropriate MSC. MSCs will then furnish shipment status to USASAC-O. The customer document number will be used in this report. Completion of work will be reported by the BTF document. MSCs will receive the data and bill SAAC using the customer's

document number. The pseudodocument number will be placed in the NSN field (card columns 8-21). Mainz Army Depot will notify MSCs of the ultimate disposition of unserviceable customer assets.

10-6. Delivery term codes

a. MSAs for nonsensitive, unclassified materiel will specify DTC E. Movement from the point of origin to CONUS and return will be arranged by the customer through the freight forwarder on a collect commercial bill of lading (CCBL) or prepaid bill of lading. MSAs for overseas maintenance facilities will normally specify DTC E; DTC G will be specified for countries listed in paragraph 16-10b that are authorized to ship materiel by U.S. military transportation.

b. If the freight forwarder selected by the customer is listed in the Military Assistance Program Address Directory (MAPAD) as cleared to process classified materiel, MSAs for classified items may specify E. If the freight forwarder is not cleared to process classified materiel, DTC C or G will be used. DOD 5200.1-R, paragraph 8-104d, requires that FMS classified materiel for a foreign purchaser must be delivered to a U.S. Government representative, who will arrange for transfer to the foreign government. If the MAPAD does not contain a U.S. "Mark For" address, MSCs will request the USASAC Regional Directorate to obtain delivery instructions from the in-country SAO.

c. DTCs listed in table 10-2 will be used for all other MSAs.

10-7. Reports of discrepancy

a. Discrepancies found in customer assets repaired in U.S. depots will be treated as sales from DOD stock. Discrepancies found in customer-owned assets repaired in commercial facilities will be treated as sales from procurement.

b. Procedures outlined in AR 12-12 apply.

10-8. Commercial contract turnaround time

Commercial contracts for repair of FMS assets will specify a mandatory 90-day turnaround time.

10-9. Reliability centered maintenance

a. Reliability centered maintenance (RCM) is a U.S. concept that establishes design priorities to facilitate scheduled maintenance and plan scheduled maintenance tasks. Maintenance tasks will preserve or restore safety and reliability to acceptable levels when deterioration has occurred. RMC policy provides for depot maintenance work requirements criteria that minimize resource and materiel expenditures required to restore safety and reliability.

b. USASAC has established a standard of full work directive/authorization overhaul for materiel supplied from source of supply "R," and for repair and return of customer-owned materiel. The following items are exempt from this standard:

- (1) All items issued from stock (sources of supply "S" or "X").
- (2) Electronic items.
- (3) Specific exceptions determined on a case-by-case basis.

c. If the only major item available for issue has already been refurbished by an RCM depot maintenance work requirement, and the materiel is suitable for issue, DD Form 1513 will indicate source of supply "R," and DD Form 1513, annex A, will indicate condition code "U" in block 18. Standard footnote M5.A will also be included.

d. For materiel offered from sources of supply "S" or "X," such as blanket order cases, CLSSAs, concurrent spare parts, and any offers of materiel from depot stock, standard footnote M5.B will be included.

e. Materiel supplied from all sources will be priced according to AR 37-60 and DOD 7290.3-M.

f. Full disclosure regarding the exact condition of the materiel to be supplied will be included on DD Form 1513 and accompanying cover letter.

Table 10-2
Delivery term codes for maintenance support arrangement LOAs

DTC	U.S./DOD responsibilities	Customer responsibilities	Terms of use
A	Transportation from a designated overseas port of embarkation (POE) to a CONUS destination and return to a designated overseas port of debarkation (POD).	Overseas inland transportation of materiel to or from the overseas POE or POD and overseas port handling.	
B	Transportation from a designated overseas POE to a CONUS destination, return to a CONUS POE, and CONUS port handling.	Overseas port loading and ocean transportation from the CONUS POE to the ultimate destination.	
C	CONUS port unloading of customer-arranged carrier, transportation to and from a designated CONUS destination, and CONUS port loading of customer-arranged carrier.	Movement of materiel to and from the CONUS POE or POD.	To be used for movement of sensitive and classified materiel to and from CONUS on customer-owned or-controlled air or surface vessels if the freight forwarder is not cleared to handle classified materiel (the freight forwarder is never cleared to receive sensitive materiel). The applicable U.S. port of discharge must be identified on DD Form 1513. The vessel must arrive and depart through U.S. DOD-controlled or -operated port facilities to ensure proper security for returning materiel. The DD Form 1513 should normally contain as much information as possible to eliminate confusion over transportation responsibilities.
D	CONUS port unloading of customer-arranged carrier, transportation to a CONUS destination, and return to an overseas designated POD. The U.S./DOD port activity receiving the materiel will convert the CCBL to a GBL for payment to the commercial overseas carrier and arrange for onward movement to the depot.	Ocean transportation to a CONUS POD, overseas port unloading, and overseas inland transportation to ultimate destination of returned materiel. The customer must arrange commercial transportation on a CCBL to a designated POD in CONUS, identified in a standard footnote to DD Form 1513.	To be used if U.S. military transportation is not available or there is no SAO in country with the capability of entering materiel into Military Airlift Command (MAC) or Military Sealift Command (MSC) channels.
E		All transportation from an overseas point of origin to a CONUS activity and return to an overseas destination.	See paragraph 10-6a.
F	Transportation from an overseas inland location to an overseas POE, overseas port handling, overseas transportation to a CONUS POD, CONUS port handling, inland transportation to a designated CONUS destination, and return to an overseas destination.		
G	Overseas port handling through an overseas POE, overseas transportation to a CONUS POD, CONUS port handling, inland transportation to a CONUS destination, and return to an overseas POD and overseas port handling.	Overseas inland transportation to and from the overseas port.	To be used if military transportation is available and there is an SAO in country with the capability of entering the materiel into the MAC or MSC channels. The CONUS POD will arrange onward movement of the materiel by GBL to the depot. If transportation costs are not prohibitive, MAC flights will be used for transportation to CONUS and return. Otherwise, surface transportation will be used.
H	Return transportation from CONUS activity to CONUS POE.	All transportation from overseas point of origin to CONUS activity; return CONUS port handling and all transportation to overseas destination.	
J	All transportation from CONUS activity to overseas destination.	All transportation from overseas point of origin to CONUS activity.	

Chapter 11

Special Defense Acquisition Fund

11-1. Authority

a. The Special Defense Acquisition Fund (SDAF) is established by authority of the Arms Export Control Act and the International Security and Development Cooperation Act of 1981.

b. The SDAF is used to procure military items for sale or transfer

to foreign governments or international organizations. Its purpose is to provide materiel ahead of normal procurement lead times in order to satisfy urgent foreign government requirements while avoiding diversion of production intended for U.S. Armed Forces. Normal operation of SDAF enables foreign governments to buy out SDAF equities from ongoing contracts before end items are delivered to the U.S. Government. Transfers may occur as authorized by MAP or other security assistance legislation. SDAF items may also be

used to replace items diverted from the U.S. Army to foreign governments.

11-2. Administration

Administration of the SDAF is funded through the FMS administrative budget. Performing activities must submit related costs during the annual budget submission. Military Interdepartmental Purchase Requests (MIPRs) will not be issued to MSCs for contract administration surcharges (CASs). CAS costs will be billed to SAAC along with CAS billings for FMS. If SDAF assets are sold to an FMS customer for whom a reciprocal waiver of CAS is in effect, the amount for CAS already paid to the U.S. Army will be refunded to the SDAF account by SAAC, netting subsequent CAS billings

against identified amounts waived. DSAA will provide SAAC a separate MIPR each fiscal year for CAS reimbursement.

11-3. Annual procurement plan

a. DSAA will develop an annual SDAF procurement plan as the basis for initiating procurement throughout the forthcoming year.

b. Upon receipt of a DSAA tasking through HQDA, USASAC (AMSAC-MP-P) will request MSCs to develop a prioritized list of SDAF candidates, including necessary support equipment. USASAC (AMSAC-MP-P) will consolidate and prioritize all proposals and provide the recommended SDAF procurement plan through HQDA (DALO-SAA) to DSAA.

c. In developing recommendations for SDAF, MSCs should respond in the format shown in figure 11-1. The following should be considered when developing recommendations:

Table 11-1
Sample format for Special Defense Acquisition Fund data

FY90 SDAF ACQUISITION PROGRAM							
Priority	Item/Sys-	NSN	Nomenclature		Qty	Unit price	Extended price
	tem		GM, Heat	BGM-71E	5,000	\$10,864	\$54,320,000
	TOW	1410-01-229-9948	FY90	FY91	FY92	FY93	FY94
Approved acquisition objective						564,000	
Initial issue quantity						100,800	
Projected inventory levels			156,000	161,000	164,000	166,000	168,000
Production capabilities	U.S.		42,000	42,000	42,000	42,000	42,000
	FMS						
Projected production	U.S.		15,000	12,000	12,000	12,000	12,000
	FMS		8,000	8,000	5,000	5,000	5,000

Notes:

¹ Statement of impact on U.S. Forces combat readiness if emergency foreign requirements had to be met from U.S. Forces rather than from the item being proposed for procurement with special account funds:

The TOW missile is an ammunition item; diversion impacts would be expressed in depletion of day's supply. Additionally, diversion of older models directly impact on U.S. Army.

² Narrative explanation as to why each item should be procured with SDAF funds:

Unique capability of TOW 2A missile will spur demand from NATO allies equipped with TOW 2 systems within the next 2 fiscal years.

(1) Items that are in short supply for U.S. Armed Forces and that also have anticipated foreign customer requirements.

(2) Items that, based on experience, judgment, historical data, or a projection of needs, are most likely to be needed to meet foreign requirements in less than normal procurement lead times.

(3) Items that, if withdrawn from Active or Reserve Component force inventories or diverted from production dedicated to Active or Reserve Component forces, would adversely affect the combat readiness of U.S. Armed Forces.

(4) Items that can be produced from existing or expanded production lines.

(5) Items that would meet established acquisition objectives of U.S. Armed Forces if not transferred to meet foreign requirements.

(6) Items that have significant anticipated FMS demands.

(7) Items with long procurement lead times, particularly those requiring more than 24 months.

(8) Items that would be approved for foreign sale under current NDP.

(9) Stock levels, production base availability, mobilization base requirements, procurements options, availability of replacement items, funding guidance provided by DSAA, and investment in items from previous procurements.

(10) Secondary or stock fund items critical or essential to operational requirements of major items also proposed for SDAF. Complete spare parts packages are not appropriate. DLA- and GSA-managed items are not normally considered for SDAF buys unless the MSC deems them absolutely essential. An essentiality code of 1 is not sufficient basis to include DLA and GSA items.

d. The MSC proposing an end item for procurement by SDAF is responsible for ensuring that only the mission-essential spare parts are included in the recommended package.

11-4. Establishment of orders

a. SDAF procurement will be initiated by issuing a DD Form 448, Military Interdepartmental Purchase Request (MIPR), as follows:

(1) USASAC will coordinate with the AMC MSC before the MIPR is issued to define the major item configuration, ancillary items, and delivery schedule. The AMC MSC will consolidate all requirements and provide the desired MIPR format to USASAC for forwarding to DSAA.

(2) DSAA will then issue the MIPR to USASAC (AMSAC-MP-P) for forwarding to the appropriate MSC. All MIPRs should indicate that SAAC is the pay station for all SDAF contracts or contract lines. SDAF contracts may be considered FMS, and contractors must be so alerted for pricing reasons.

(a) Each MIPR is restricted to one major end item or long lead time component but may specify any quantity. A separate MIPR will be used for each ammunition line item.

(b) The MSC may accept the MIPR as a direct cite, a reimbursable, or a combination of both, and may create sublines where necessary to accommodate separate contracts; however, sublines are memoranda or for information only notations. SDAF systems are not designed to track quantities or dollars below MIPR line level. The acceptance of the MIPR will be transmitted to USASAC for processing to DSAA. This acceptance will specify or break out separate actions to identify specific costs, such as component cost and cost of loading, assembling, and packing. The funds made available through the MIPR will expire on 30 September unless otherwise noted on the MIPR. Upward adjustments to obligations require approval by DSAA. AMC policy for MIPR acceptance directs the MSC to accept the SDAF MIPRs as category I (reimbursable) for other than major item procurements. Responsibility for financial accounting for category I orders lies with the activity

accepting the order. Adjustments are the responsibility of the procuring MSC. Additional guidance is provided in AR 37–80 and AR 37–108.

(c) Commercial contracts for major items except ammunition will be funded by direct cite, using SAAC's fiscal station number. Ammunition will be funded on a reimbursable basis.

(d) Secondary items and major items in stock may be financed on a reimbursable basis.

(3) Costs incurred to transport materiel to assembly or holding points that are not included in the item hardware price should be funded on the MIPR as a separate line. DSAA will amend existing MIPRs to cover such transportation charges when identified by the AMC MSC.

b. SDAF items will be placed on separate contracts if possible; however, separate contract line items are acceptable. Copies of contracts for SDAF procurements except ammunition will be provided to SAAC (FSO), Lowry AFB, CO 80279–5000 within 10 days of contract award.

c. For items purchased from U.S. Armed Forces stocks—

(1) SAAC will be billed on SF 1080 for all reimbursable costs incurred by the MSC. These costs may include in-house services, interfund billings, recurring contract support, and Government-furnished materiel as well as costs incurred and billed by other supporting MSCs and activities on a reimbursable basis.

(2) The MSC will requisition all procurement appropriation secondary and stock fund items on Army "W" documents, citing the reimbursable order account. The MSC will be the "bill to" activity. Requisitions will contain supplementary code YBPMA7 in cc 45–50; cc 55–56 will contain the MIPR line number. The last three positions of the MIPR control symbol (located in block 3 of the MIPR) will be entered in cc 57–59. MSCs will provide copies of all requisitions to SAAC (FSR) in tape or card format.

(3) Stock-funded items sold to SDAF will be priced at standard prices plus the current acquisition surcharge for non-CLSSA customers. Procurement-funded secondary items are priced at standard prices plus the current-year inflation factor. The price of major items sold from stock will be based on whether the items will be replaced in kind, replaced with an improved item, or not replaced, as prescribed by DOD 7290.3–M. Civilian and military personnel costs directly attributable to SDAF procurements will be funded on separate MIPR lines. Add-on factors for nonrecurring RDT & E, nonrecurring production, packing, crating, and handling costs, and transportation will not be charged to the SDAF but to the purchasing country at the time of sale.

11–5. Management of materiel and inventory

a. AMC is responsible for inventory management and has custodial responsibility for all Army-sponsored SDAF materiel on order, in the inventory, or on loan to U.S. Armed Forces.

b. SDAF assets will be placed in ownership code 7 (other item manager) for accountability purposes.

c. All inventory losses related to SDAF secondary items will be absorbed at the time of the loss by the military department responsible for storing the items. If SDAF assets are lost, then the MSC must place the SDAF requisition on backorder until it can be filled. If an SDAF major item is lost while held in inventory, the MSC will conduct an investigation per DOD 7200.10–M. Results of this investigation will be provided through USASAC (AMSAC–MP–P) to DSAA without any inferred liability to the Army for replacement.

d. Major SDAF items will normally be separated from other DOD items. Bills for storage of major SDAF items will be sent to SAAC for direct out-of-pocket costs only. If direct storage costs are identified, DESCOM will request an MIPR from DSAA through USASAC (AMSAC–MP–P).

e. Delivery reporting for major items from stock, the Army stock fund, secondary items, and ammunition from stock will be by SF 1080 billing. In addition, the monthly inventory report to DSAA will reflect deliveries to the inventory SDAF.

f. For contract deliveries, DD Form 250 (Materiel Inspection and Receiving Report) will serve as the SDAF delivery report to SAAC.

11–6. Loans

a. SDAF major items may be loaned to U.S. Armed Forces with the approval of DSAA. The loaning activity, normally the MSC, is responsible for ensuring the return and repair of loaned items. The borrowing agency is responsible for costs of repair or replacement. If loaned equipment is permanently transferred to U.S. Armed Forces, the transfer is priced at the amounts specified in the loan agreement. DOD 5105.38–M, table 1400–1, shows a sample loan agreement.

b. SDAF stock items may be loaned to U.S. Armed Forces provided they are replaced. A record shall be maintained for the loan of a stock item. The record shall include the date loaned, the quantity by stock number and unit price charged to SDAF at the time of the original purchase by SDAF, and the date replaced.

11–7. Reporting requirements

a. Reporting requirements are listed in paragraph 20–7.

b. Major item MIPR lines will not be included in the International Logistics Supply Delivery Plan (ILSDP).

11–8. Sales

a. *P&A data.* USASAC will provide the foreign customer with P&A data through normal FMS procedures. Assets will not be reserved for cases in the planning stages, and any P&A data furnished for such cases will state that assets have not been reserved.

b. *LOA data.*

(1) USASAC (AMSAC–MP–P) will assign FMS SDAF case designators. Block assignment JAA–JZZ applies. The implementing agency code is B.

(2) SDAF LOAs may offer both SDAF and non-SDAF materiel. SDAF lines will reflect source of supply code F in block 18 of DD Form 1513. Standard footnote S12, explaining the code, will be used. Sublines will not mix SDAF and non-SDAF materiel.

(3) A financial analysis worksheet is required for all SDAF lines. If any subsequent changes are made to pricing information, a new worksheet is required. The routing identifier code (RIC) will be indicated in the remarks block.

(4) Concurrent spare parts lists for SDAF items will not automatically be sent to the customer for review. Standard footnote C12.B will be included in any case offering CSP from SDAF.

(5) If materiel currently on SDAF contracts or held in inventory is required to satisfy an urgent FMS requirement, USASAC (AMSAC–MP–P) will coordinate with DSAA for approval. Before shipment, the MSC will follow one of the procedures below, as determined by USASAC in coordination with DSAA:

(a) MSC will prepare a modification to change the source of the supply code to F for SDAF supply. This will permit transfer of obligation authority from the Army MSC to SAAC for management of the SDAF line. A financial analysis worksheet will be prepared and submitted with the modification. If a price adjustment is applicable, it will be included in the modification. The modification must be countersigned by DSAA.

(b) If the urgency of the requirement makes modification of the case impossible, a reverse MIPR will be provided to DSAA to reimburse SDAF. The reverse MIPR is required before any shipments can be made. (See para 11–9 for instructions on preparing reverse MIPRs.)

(6) Amendments to Army non-SDAF LOAs to add SDAF lines will be done on an exception basis only, as approved by USASAC; the preferred method is preparation of a new FMS SDAF case.

(7) In instances when an SDAF support item is required for installation in non-SDAF MDE, thereby losing the identity of the item, a non-SDAF LOA will be used. The support item will not be identified as available from SDAF; however, a reverse MIPR is required before actual shipment. An example is an SDAF-owned radio set to be installed in a non-SDAF-owned vehicle, reflected on DD Form 1513 as a subline to the vehicle; no separate availability is cited for these sublines.

(8) Pricing.

(a) Sale prices for procurement items (major items) will be computed using the stabilized pricing technique, as prescribed by DOD 7290.3-M.

(b) Sales prices for stock items (spare parts) will be priced at standard price plus the current acquisition surcharge rate for non-CLSSA customers. Procurement-funded secondary items are priced at standard price plus the current inflation factor. The estimated line value on LOAs for spare parts will equal the dollar value that SDAF previously invested with DA for such spares.

(c) Payment schedules for SDAF cases will consist of an initial deposit and additional periodic payments required throughout the life of the case. The initial deposit will consist of amounts required to cover disbursement already made from the SDAF for procurement of the items, plus amounts for disbursements that must be made before the LOA acceptance period expires.

(9) SDAF cases and lines will be entered into PBAS. SAAC is responsible for the case and will notify USASAC (AMSAC-MP-P) of case implementation. USASAC CPMs will then distribute DD Form 1513, and AMSAC-O will issue MILSTRIP B-type requisitions. Card columns 4-6 will contain the RIC of the source that has accountability in code 7. Card columns 48-50 will contain SDAF case designator (JXX); card columns 55-56 will denote the case line item number from DD Form 1513. Signal and fund codes in card columns 50-52 are L and 3M. The SDAF MIPR control symbol will be entered in card columns 57-59, and card column 70 will contain a 7 to indicate SDAF assets. USASAC-NCAD will provide a complete listing of SDAF requisitions to SAAC in tape or card format. Requisitions initiated for SDAF lines on non-SDAF cases as a result of a modification to an implemented case will reflect all data previously mentioned except case designator J. In no case should an SDAF requisition be passed to a DLA activity, either at requisition, at extraction by USASAC, or by an MSC.

(10) The MSC will review requisitions issued against SDAF stocks but rejected because of lack of assets to determine whether assets can be made available. Inventory losses are borne by the MSC.

(11) DSAA/SAAC is responsible for customer billing and case closure of all Q implementing agency cases. MSCs will prepare DD Forms 2060 and 2061, Planning Directive, for SDAF cases. USASAC (AMSAC-O) will receive FK_ feedback from SAAC. USASAC-NCAD will notify SAAC when a case shipment is complete and processed to SAAC based on requisition, FK_ feedback, and ROD records. Financial certification is a SAAC responsibility.

(12) Deliveries will be reported to SAAC as follows:

(a) MSCs will submit delivery reports (DD-COMP(M) 1517) to USASAC-O for major item shipments. USASAC-NCAD will insert the FMS sales price stated in the LOA in the pricing field on the delivery report and forward to SAAC.

(b) Concurrent spares and support items owned by the SDAF and sold to an FMS customer will be reported to USASAC (AMSAC-RF-D) by MSCs on nonreimbursable or modified military standard billing system (MILSBILLS) cards. The delivery source codes permitted for SDAF sales are listed in DOD 7290.3-M paragraph 80302.0. The dollar field will contain the standard price plus a surcharge applied for non-CLSSA FMS purchases.

(13) RODs will be processed as follows:

(a) SDAF RODs will be processed according to normal ROD procedures, with the exception of financing. The SDAF will finance RODs for deficient materiel financed from its appropriation. Any returned deficient materiel is the property of DSAA and will be placed in ownership code 7. The MSC may make upgrade recommendations. If the SDAF purchases deficient materiel from an Army appropriation, a ROD may be submitted on behalf of the SDAF against the Army appropriation, in accordance with normal ROD procedures.

(b) The MSC is the only activity that can properly assess the amount of credit due to a customer to satisfy a ROD. When an MSC determines that a credit is appropriate for an SDAF ROD submitted by a foreign government, it is the responsibility of the MSC to

provide the DD COMP(M) 1517 with the amount of credit in the price field. The DD COMP(M) 1517 showing the credit will be furnished to USASAC (AMSAC-RF) in normal billing cycle. USASAC will not enter the dollar field on any DD COMP(M) 1517 report that contains document identifier NZ, which is the proper identifier for ROD adjustments.

(c) USASAC (AMSAC-RF) will provide a listing of ROD DD COMP(M) 1517 reports to SAAC (FSRS), and DSAA, Plans-SDAF from the weekly billing cycle.

(d) Credits will not be funded by the SDAF for RODs submitted against SDAF cases for non-SDAF materiel. RODs for non-SDAF materiel will be processed by the MSCs in accordance with FMS ROD procedures.

11-9. Repayment procedures

A reverse MIPR is used to provide payment for SDAF assets procured by the Army for use in FMS cases, and payment for SDAF assets used to replenish assets diverted from the Army inventory to satisfy urgent FMS requirements. Each reverse MIPR for SDAF assets will be addressed to the DSAA Comptroller and forwarded to USASAC (AMSAC-MP-P), with a copy of the original MIPR that provided authority to procure the item. The MIPR must cite the appropriate Army account and the related FMS case. A copy will be forwarded to SAAC (FSRS). The reverse MIPR will be accepted as reimbursable by DSAA and returned to the initiating MSC, with a copy provided to SAAC. The MSC will be billed by SAAC through an SF 1080, and will make payment from the applicable Army account.

11-10. Support equipment

The end item manager will procure all necessary ancillary items and concurrent spare parts that have long procurement lead times, consistent with the TPA concept explained in chapter 6. This may include items managed by other military departments, DLA, or GSA. The support package is based on the major item density and may be incomplete if major items are sold in smaller increments. A standard FMS blanket order case should be used to replace depleted parts when the quantity of major items is divided into smaller buys, provided that procurement lead time is sufficient to allow for delivery before the end item is shipped.

11-11. Case closure

Case closure certificates for SDAF cases will be processed differently depending on the implementing agency code.

a. MSCs responsible for shipments on an SDAF case with implementing agency code Q will notify USASAC-NCAD that the lines for which they are responsible have been shipped and that a delivery report has been submitted. USASAC-NCAD will submit a modified closure certificate to SAAC certifying that the case is "shipment complete" only. SAAC will reconcile its financial records with the modified certificate and complete the case closure certificate.

b. MSCs responsible for shipments on an SDAF case with implementing agency code B will provide notification to USASAC-NCAD that the non-SDAF lines for which they are responsible have been shipped and billed complete and that a delivery report has been submitted. For the SDAF lines, MSCs will notify USASAC-NCAD and SAAC that the lines are "shipment complete" and that delivery reports have been submitted. SAAC will notify USASAC-NCAD that the SDAF lines are billed complete. USASAC-NCAD will review all documentation submitted by the MSCs and SAAC, reconcile data with its records, and submit a case closure certificate to SAAC.

Chapter 12 Publications

12-1. Army-wide publications

a. Customer requests for U.S. Army publications will be filled as

fully and quickly as possible, in accordance with existing procedures, administrative capabilities, and applicable release policy.

b. Requests for DA publications stocked and issued by U.S. Army Publications Centers will be submitted as prescribed in DA Pam 25-32. DA publications include the publications and blank forms listed in DA Pams 25-30, 310-35, 611-16, and 750-10.

c. Because of the volume and variety of requests submitted by customers, an annual blanket order case best serves the needs and requirements of the customer and USASAC. Cases will normally be for 12 months and will not exceed 36 months.

12-2. Other publications

a. USASAC will provide DA publications not stocked by U.S. Army Publications Centers, and AMC and Army service school publications requested by eligible foreign countries, according to the provisions of this chapter.

b. Countries should submit FMS requisitions as stated in standard footnote R11.G or R11.H when a case is implemented.

c. On receiving the requisition, USASAC (AMSAC-OE or -OX) will determine the source of supply.

(1) If the supply source is an AMC MSC, USASAC will assign unfunded requisition numbers for each publication requested and send the request by DA Form 17, Requisition for Publications and Blank Forms, to the MSC customer order control point. The MSC will obtain obligation authority, ship the publications, and bill directly through USASAC-NCAD to SAAC. Materiel delivered will then be reflected on the FMS delivery listing by assigned requisition number. The MSC will inform USASAC (AMSAC-OE or -OX) of the shipment status by requisition number. A copy of DA Form 17, showing supply action taken, and unit and total cost, with a 1517 card, will be furnished to USASAC-NCAD.

(2) If the supply source is other than an AMC MSC, USASAC will assign unfunded requisition numbers for each publication requested and send the request by DA Form 17 to the USASAC customer order control point (AMSAC-RO/F). USASAC (AMSAC-F) will obtain and reserve obligation authority and will issue a MIPR and DA Form 17 to the supply source. The letter of transmittal to the supply source will request a copy of the DA Form 17 and the charges. USASAC will then submit billing to SAAC.

d. Requisitions for depot maintenance work requirements against a blanket order case will be forwarded by USASAC (AMSAC-O) to the MSC. The MSC will inform the CPM which system is involved, whether the requirement can be used for production or classification, whether the item covered by the requirement has been released to the customer, and provide an MSC recommendation. The CPM will coordinate release with USASAC (AMSAC-MI) and AMC (AMCMI-CT), and provide approval to USASAC-O, which will complete processing in the normal manner.

12-3. Types of publications

a. The following publications below may be requisitioned under an AMC publications case:

(1) AMC regulations, circulars, and pamphlets.

(2) U.S. Army service school publications.

(3) Technical information and publications that relate to the purchase, maintenance, and production of nonmedical materiel. Requests for information on the purchase, maintenance, and production of medical equipment should be sent to HQDA (DAMI-CI), Washington, DC 20310-1040.

(4) Depot maintenance work requirements.

(5) DA publications listed in DA Pam 25-30, section I, paragraphs 4b and c, with sources other than the Army publications centers.

b. The following publications are excluded from AMC publications cases:

(1) Technical data packages.

(2) Technical publications and information related to medical materiel.

(3) All DA publications and forms listed in DA Pams 25-30,

310-9, 310-35, 611-16, and 750-10, stocked by U.S. Army Publications Centers.

(4) Military and Federal standardization documents. These documents must be obtained from the Commanding Officer, U.S. Naval Publications and Forms Center, 5801 Tabor Avenue, Philadelphia, PA 19120-5099.

(5) Professional magazines. These publications must be purchased directly from the publishers.

(6) Publications for sale by The National Technical Information Service, 5285 Port Royal Road, Springfield, VA 22151-2171.

(7) Publications for sale by the Superintendent of Documents, Government Printing Office, 710 North Capitol Street NW, Washington, DC 20402-9324.

12-4. Shipment

a. FMS cases for AMC and DA publications will normally be prepared with offer release code A and DTC 4 (delivery at origin). Small-parcel shipments requisitioned DTC 4 move prepaid.

b. Unclassified publications will be shipped to any designated point in CONUS, including a named freight forwarder. The purchaser should give the address in block 6 of DA Form 27.

c. Classified publications authorized for release will be shipped only to an address approved by HQDA (DAMI-CI).

d. Publications shipped parcel post overseas by the Military Postal Service (MPS) through APO or FPO channels will be prepared with DTC 7.

e. The supplying command will furnish one of the following:

(1) An SF 1080, prepared according to AR 37-80. For billing and reporting purposes, it will be supported by one copy of the request (DA Form 17 or listing), showing the supply action taken and unit and total cost. It will be sent to U.S. Army Security Assistance Command, ATTN: AMSAC-F, 3rd Street and M Avenue, Building 54, New Cumberland Army Depot, New Cumberland, PA 17070-5096.

(2) A DD Form 1517 card (N) billing to USASAC for posting to the CISIL data base. The billing provided should include in columns 8-22 of DD Form 1517 the DMWR number or as much of the document or publication description as possible.

12-5. Pricing

All Army and DOD publications sold to FMS, IMETP, and NATO customers will be priced as specified by AR 37-60, chapter 8.

12-6. Publications line for major end items

a. Under the TPA concept, a publications defined line will be included on FMS cases prepared for major items. List two copies of each applicable publication, including changes, and include their cost in the defined line price, unless customers request a different quantity. Any DA publications listed must appear in DA Pam 25-30. Nomenclatures in the pamphlet and on the case should agree. When listing the document number and title on the LOA, either on DD Form 1513 or on an annex, limit the description to 13 lines.

b. The lead time to be shown in column 28 of DD Form 1513 will be 6 months, if shipped from stock. If the publications are in stock, they will be shipped directly to the address specified. If not, they will be backordered.

c. Operators manuals may be issued with each end item, with the cost included in the item price. In addition, two copies of each publication will be included in the defined publication line.

d. Standard footnote P18.A will be used on cases that include a publications line. When the customer does not desire a publications line, standard footnote P18.B or P18.C applies. Amounts of 10 or fewer publications may be shown as sublines under the dollar line. Listings of more than 10 items will be entered in an annex. Publication requirements will be grouped as unclassified, classified, or restricted, or the security classification will be indicated after each document.

e. When classified or restricted publications are included, a recommendation on release will be provided in the transmittal letter.

When a case containing classified or restricted publications is implemented, USASAC (AMSAC-O) will prepare and submit requisitions through USASAC (AMSAC-MI), to the U.S. Army Printing and Publications Command (ASQZ-NVI).

Chapter 13 Special Instructions

13-1. Ammunition and limited-shelf-life items

a. Ammunition.

(1) Potential purchasers of class V items must be advised of any security classification requirements and related safeguards before offers are made.

(2) Because of safety and security factors, shipments of explosives and other hazardous cargo will normally be delivered to the transporting vessel or aircraft at a CONUS port of embarkation (POE).

b. Limited-shelf-life items.

(1) Items with limited shelf life, such as dry batteries, radio crystals, rocket motors and propellants, and similar items that require special storage facilities, will be scheduled for delivery in phased increments.

(2) Country officials, and preparing commands and agencies, will consider on-hand requirements, usage rates, availability and capacity of storage facilities, and transportation modes in determining shipment times and delivery schedules.

(3) Delivery forecasts should be included in DD Form 1513 supporting documents. Requisitions for limited-shelf-life items included in concurrent spare parts listings will be controlled so that materiel is not released before the date specified on the end item delivery schedule.

13-2. Parts generation breakdown tapes and technical data

USASAC-O will assign pseudodocument numbers for shipment of parts generation breakdown tapes and technical data. When more than one shipment is made under the same document number, the supply activity will enter a suffix code in card column 44, beginning with letter A, and following in sequential order. The package will be marked with the case and pseudodocument number, including the suffix code. The MARK FOR address will be added, if available. The supply activity will use the pseudodocument number and suffix code on shipping and billing documents. FMS customers require a billing record that relates to a shipment record. DA Form 17 will show individual quantity and price for each document number.

13-3. Night vision devices

a. Security and control measures for sensitive items, including night vision devices, are prescribed in DOD 5100.76-M and AR 55-355. The following requirements apply when vehicles equipped with night vision devices are shipped through unsecured ports:

(1) Hatches or other means of entry into the vehicle's interior will be barred or bolted from the inside.

(2) Where interior bars or bolts cannot be used, the hatch or other

means of entry will be welded shut using a minimum of four strong tack welds.

(3) Vehicles that must remain operational may be shipped through unsecure ports when an authorized U.S. Government representative observes the loading and unloading of the vehicles. Hatches will be padlocked or have a Military Traffic Management Command (MTMC)-approved bolt seal applied during transit.

b. Bolt seals will be used instead of padlocks when night vision devices are installed in tanks, infantry fighting vehicles, self-propelled artillery, armored personnel carriers, mobile command posts, and other fully securable armored vehicles scheduled for shipment through unsecure ports. Questions regarding the security of specific ports should be addressed to the appropriate USASAC CPM.

c. Application of physical security measures is considered part of the preparation for shipment. Because title normally passes to the customer at the initial point of shipment, removal is a customer responsibility and generally can be accomplished with common tools. Advice and assistance may be provided by the QA team, if necessary.

d. In all other situations, night vision devices will be removed from vehicles and shipped through approved secure means. The items will be programmed as defined lines on LOAs, citing DTC 8.

13-4. HAWK missile and Missile Minder systems

Interoperability and communications security requirements must be carefully considered in potential sales of HAWK missiles and AN/TSQ-73 Missile Minder systems to foreign governments. P&A data will contain the note cited in paragraph 2-3*e*. The following policy applies:

a. U.S. encryption equipment must be used whenever—

(1) Sales involve use of Army tactical data link-1 (ATDL-1) or tactical data information link-B (TADIL-B). Each case will include an appropriate standard footnote, in accordance with the criteria provided in table 13-1.

(2) Sales involve development of a data communications link that replaces ATDL-1 or TADIL-B and—

(a) The link is to be connected to systems operated by U.S. military forces.

(b) The link will operate as part of an air defense system in which U.S. military forces participate.

b. When an approved unclassified link developed for a foreign government is to be used independently of U.S. military forces, the use of U.S.-approved encryption devices will be at the discretion of that government. Requirements for each case will be determined individually, and each affected case will include an appropriate note.

c. The use of encryption devices is not required for intrabattery communications, including the missile battery data link (MBDL) when it is the only data communications link used.

Table 13-1
Encryption requirements matrix for HAWK missile and AN/TSQ-73 Missile Minder communications

Type of data link included in case	Interconnected with U.S. Armed Forces	U.S. Armed Forces participate in defense	U.S.-approved encryption required	Required standard footnote
ATDL-1 or TADIL-B	NA	NA	Yes	S6.B
U.S.-approved unclassified data link	Yes	Yes	Yes	S6.C
U.S.-approved unclassified data link	No	No	No	S6.D
U.S.-approved unclassified data link	No	Yes	No	S6.E
MBDL	NA	NA	No	S6.E

13-5. STINGER and REDEYE air defense missile systems

a. The STINGER reprogrammable microprocessor (RMP), less reprogrammable module, and the REDEYE air defense missile systems may be made available in foreign military sales cases when properly approved, and adequate security controls have been established.

b. The following nomenclatures will be used to describe STINGER components in all P&A data and related LOAs:

(1) Gripstock Control Group: Guided Missile Launcher RMP (less reprogrammable module).

(2) Weapon Round: STINGER RMP, Partial.

(3) Missile Round, Complete: STINGER RMP.

(4) Training Set: Guided Missile System RMP (less reprogrammable module).

(5) Overall system: STINGER RMP (less reprogrammable module).

c. The CPM will notify both SATFA (ATFA-R) and SATMO (ATSU-SATMO) whenever a STINGER or REDEYE request is received. Upon notification, SATMO will select and prepare to deploy a physical security team to conduct a physical security survey.

d. Once a STINGER or REDEYE case has been accepted by a foreign government, or if STINGER or REDEYE systems are to be provided to a foreign government under provisions of section 506a of the Arms Export Control Act, the CPM will—

(1) Provide the in-country SAO with a copy of the accepted case or other approved authority.

(2) Coordinate with the SAO to deploy the SATMO physical security team. The physical security team will inspect security arrangements and identify additional requirements that must be satisfied before the missiles can be delivered. The physical security team will forward results of its inspection by message, action to HQDA (DAMO-OLD-S) and DSAA (OPS-E), and info to HQDA (DALO-SAA and DALO-SAC), USASAC, and MICOM.

e. MICOM will notify the SAO when shipment has been initiated. Notification will be provided for each partial shipment and will include transportation data along with the serial numbers of each system. The last notification will be annotated “final delivery against case—.”

f. Receipt of each STINGER or REDEYE shipment will be accomplished by verifying receipt of gripstock and missile.

g. The SAO will arrange with the purchasing government to verify the receipt of missiles by serial number.

h. Beginning with receipt of the final shipment of missiles, and annually thereafter, the SAO is required to conduct an annual physical inventory of all missiles. Except for missiles deployed to combat areas, the SAO must physically inspect and inventory all missiles by serial number. This requirement cannot be satisfied by the foreign government, or by reviewing host nation records.

i. In addition to the annual physical inspection, the SAO must conduct an annual random review of host government records of required monthly two-man verification records.

j. The SAO shall report findings to DSAA-OPS and USASAC, with an information copy provided to the applicable unified command.

k. All STINGER and REDEYE cases will include standard footnote S6.F or S6.G, as applicable.

13-6. Multiple Launch Rocket System

a. Countries with approved requests for the Multiple Launch Rocket System (MLRS) to be directly purchased from new procurement should be advised to obtain P&A or sales data directly from the MLRS International Corporation (MIC).

b. P&A data for approved requests that will be provided from new procurement using foreign military financing will be provided by the U.S. Army CONUS production source. Upon acceptance of the LOA, all financed MLRS systems or components will be contracted directly with the U.S. production source, and not through MIC. No MIC administrative recoupment fee will be added to the LOA.

c. If a requesting country desires to purchase the MLRS through the FMS system with cash, the following policy and procedures apply:

(1) The FMS system will not be used to offer MLRS systems or components produced in Europe. P&A and other relevant data will be provided only for components projected to be manufactured in CONUS. Components projected to be provided from the MLRS European manufacturing source must be procured directly from MIC.

(2) If the sale involves production that will be split between the CONUS and European manufacturing sources, the LOA will include standard footnote M11. P&A data provided under the U.S. FMS system may include the MIC administrative fee as an allowable costs. Upon acceptance of the LOA, contracting for the U.S.-manufactured systems or components will be accomplished through the MIC.

d. The U.S. production facility will not be used to provide follow-on support for systems or components produced in Europe. Follow-on support will be provided through the FMS system only for systems or components manufactured in CONUS. Contracts negotiated with MIC will be structured to specifically identify each line item as provided from either from the U.S. or European manufacturing source. This will enable the United States to provide follow-on support only for U.S.-produced components or systems.

13-7. International narcotics control

Provisions of the International Narcotics Act that apply to security assistance cases involving drug sales will be implemented as follows:

a. The following additional country codes are added to DOD 5105.38-M, table D-5:

(1) D1: Bolivia—INTL NARC

(2) D3: Peru—INTL NARC

(3) D5: Colombia—INTL NARC

b. The terms of sale for drug cases is “FMS credit (nonrepayable, PL 101-231).”

c. Standard footnote I8 will be included in the LOA.

d. The administrative surcharge applies.

e. Funds made available for this program cannot be transferred to support other FMS cases that apply to these countries. Expenditure authority will be requested and issued by case. Expenditure authority cannot be issued in excess of collections. Obligation authority will not be approved in excess of case value, to include all amendments and modifications. Exceptions may be approved only by DSAA.

13-8. Canada

a. The supplying agency or activity will complete and distribute copies of U.S. Department of Commerce Form 7525-V, Shipper's Export Declaration, for all items supplied.

(1) A separate form will be prepared for each parcel post package or freight shipment. A freight shipment includes all cargo shipped on the same bill of lading to a single consignee.

(2) Copies of the completed Department of Commerce Form 7525-V, with priced Army shipping documents attached, will be distributed as follows:

(a) One copy retained by the supplier.

(b) Three copies delivered to the initial carrier when shipment is tendered for transportation.

(c) One copy sent with the shipment.

(d) Two copies given to the collector at the U.S. Customs port of exit.

(e) One copy sent by the fastest means to Supply and Services Canada, Washington Region, Embassy of Canada, 501 Pennsylvania Ave. NW, Washington, DC 20001-2114.

(3) The Department of State certificate of registration and DOD certification will be stamped on Department of Commerce Form 7525-V as follows:

(a) Under columns (9) and (10), and in addition to Marks and Nos, and Number and Kind of Package, enter “Department of State Cert. of Reg. No. 3276, dated 30 July 1951, authorized unlimited

license. U.A.C." Number and Kind of Packages should include a description, such as repair parts for motor vehicles.

(b) In columns (11), (12), (13), (14), and (15) enter: "I hereby certify that items on the shipping documents attached to this export declaration are items being sold by the Government of the United States to the Government of Canada under the cash reimbursable provisions of the Arms Export Control Act, as amended," followed by the signature and title of the authorized supply source representative.

b. All shipments to Canada will be considered free on board (FOB) at the point of origin unless otherwise advised by the Government of Canada (GOC), or subject to the following special instructions:

(1) FMS shipments of classified, sensitive, and hazardous materials provided under the security assistance program, which normally must be shipped by military transportation, may be shipped by the GOC or its freight forwarder inland to Canada by DTC 4, CCBL. The GOC must, however, arrange for approved DOD transportation to move materiel from the point of origin to the forwarding agent or Canadian port of entry. All other materiel should be shipped by CCBL.

(2) If defense materiel purchased under the FMS program is being shipped to Canada by DOD overland transportation, the GOC will be assessed only the packing, crating, and handling cost, if applicable, and the CONUS inland transportation rate. To ensure that only the CONUS inland rate is charged, DD Comp(M) 1517 delivery reports should indicate DTC 2. For shipments made by ocean transportation, DTC 8 applies.

c. For shipments weighing more than 20,000 pounds, the supplying agency should obtain routing instructions from Supply and Services Canada, Washington Region. Shipments under 20,000 pounds should be routed by the most direct, economical means to the designated address. This does not apply to repair parts provided by a CLSSA.

13-9. Federal Republic of Germany

a. The U.S. Army will procure nonstandard military items directly related to or essential for the operational capability of the Armed Forces of the German Federal Republic (FRG) through FMS.

b. LOAs for the FRG will not include an initial deposit. Instead, block 27 of DD Form 1513, or block 28(a) of DD Form 1513-1, will read as follows: "The DOD will draw required payments from the Federal Republic of Germany U.S. Treasury deposit account as specified in the monthly statement of fund requirements in accordance with DODI 2110.32." Financial annexes will be used to draw payments from the FRG U.S. Treasury deposit account.

c. All shipments of parts generation breakdown tapes for the FRG will be addressed to the German Military Representative, ATTN: FMSA. Information in paragraph 13-2 will also be included, as applicable.

d. The initiating agency will prepare a DD Form 1513-2, upon request by USASAC, for FMS cases being processed for closure with excess funds of \$100,000 or more and cases closed at zero dollar value. SAAC and USASAC will coordinate to verify the amount of excess funds before tasking the initiating agency to prepare the modification.

e. If the U.S. Army acquires a performance warranty for its requirements, an attempt will be made to obtain the same warranty for the FRG. If the U.S. Army decides not to purchase a performance warranty, none will be procured for the FRG. If the contractor will provide the performance warranty at the same price as for the U.S. Army, then the warranty will be obtained automatically. However, if the cost is different, the FRG will be informed and given at least 30 days to respond. If possible, the special conditions and cost will be identified when the LOA is issued; otherwise, a DD 1513-1 will provide time for the FRG to respond before contract award. Standard footnote W2 will be added to all FRG FMS cases for which a performance warranty may be appropriate.

13-10. Saudi Arabia

a. Certain LOAs offered to Saudi Arabia will include a 15 percent contingency line. Use of the contingency line for Royal Saudi Land Forces (RSLF) FMS cases must be approved in advance by the Commander, RSLF, or his designated representative. This contingency line will be applied to all Saudi Arabia cases except:

(1) Saudi Arabian National Guard cases.

(2) Saudi Arabian Army Ordnance Corps cases.

(3) Blanket order cases for which dollar value has been requested by the country. This does not include blanket order cases for training.

(4) CLSSAs.

(5) Corps of Engineers cases.

b. Normal accessorial and administrative costs will not be charged against the contingency line.

c. Computation of the estimated cost in block 21, DD Form 1513, will include the 15-percent contingency fee.

d. The 15 percent figure, in U.S. dollars, should be entered as the last materiel or service line on the DD Form 1513.

e. The contingency line entries will read as follows:

(1) Block 12: LI Number

(2) Block 13:

(a) 079200NONSPRQ.

(b) Nomenclature: nonspecific requirements (contingency funds 15 percent of total).

(3) Block 15: XX.

(4) Block 17: (15 percent of total).

f. Standard footnote C15, contingency line for Saudi Arabia, should be added.

g. If cost increases cause the case value to be exceeded, a DD Form 1513-1 will be processed to transfer funds from the contingency line to the line requiring additional obligation authority. The amendment will reflect an increase to the appropriate line and a decrease in the same amount to the contingency line. The total case value will not change.

h. If the increase exceeds the amount available on the contingency line, the line requiring the increase will reflect the required amount, the contingency line will be reduced to zero, and the total case value will, in effect, show an increase equaling the difference between the required additional obligation authority and the amount of the contingency line.

i. The instructions for preparing DD Form 1513 also apply to DD Form 1513-1 when a cost increase is involved in addition to a minor change in scope.

j. When the contingency line is drawn down, the remarks in block 11, DD Form 1513-2, or block 12, DD Form 1513-1, will explain that the contingency line has been reduced (or deleted) to cover cost increases.

k. The contingency line will not be shown in the DSAA reporting system until authorized by the Saudi Arabian Government. The administrative fee should not be charged against this line before the funds are used. The initial DD Form 2060, part A, will not include the 15 percent contingency fee. Obligation authority will be requested only when approved for use by the Government of Saudi Arabia.

l. The financial annex shown in figure 7-1 will be prepared for all sales to the Saudi Arabian Ministry of Defense and Aviation, and all third countries sponsored by Saudi Arabia. The additional statement to be added is provided in paragraph 7-15a(2).

m. All LOAs for Saudi Arabia offering a TAFT will contain standard footnote E3.A. Failure to include this footnote will result in TAFT members being excluded from the environmental morale leave program provided by the Saudi Arabian Government.

n. All LOAs for the RSLF offering an MTT, a TAT, or a TAFT will contain standard footnote S3.B.

13-11. Taiwan

Recognition by the United States Government of the Government of the People's Republic of China does not change longstanding commitments to commercial, cultural, and other relationships with

Taiwan. Security assistance programs will be administered as prescribed in this paragraph.

a. The American Institute in Taiwan is the authorized agent of the U.S. Government in matters pertaining to military sales, and is authorized to sign contracts on its behalf. The Coordination Council for North American Affairs represents Taiwan.

b. LOAs, amendments, and modifications involving Taiwan will use unique versions of security assistance forms, as follows:

- (1) LOAs: DD Form 1513S.
- (2) Amendments: DD Form 1513S-1.
- (3) Modifications: DD Form 1513S-2.
- (4) Continuation sheet: DD Form 1513SC.
- (5) Annex A, DD Form 1513S.

c. Amendments or modifications to accepted LOAs originally documented on DD Form 1513 will use DD Form 1513S-1 or 1513S-2, as appropriate.

d. Taiwan cases will be prepared using the following procedures:

(1) Case preparers will send 25 copies of unsigned and undated LOAs to USASAC for processing. Upon completion of review and coordination, the unsigned and undated LOAs will be sent through the DSAA Director of Operations to the DSAA Comptroller. Information copies of LOAs that do not require HQDA staffing will be sent to HQDA (DALO-SAC).

(2) Each LOA, amendment, or modification will be forwarded to the American Institute in Taiwan with a letter of transmittal signed by USASAC and countersigned by DSAA. The DSAA Comptroller will provide copies of countersigned transmittal letters to USASAC.

(3) The American Institute in Taiwan will sign DD Form 1513S-series documents for the U.S. Government; the Coordination Council for North American Affairs will accept for the Government of Taiwan.

e. Technical message traffic may be sent directly to the American Institute in Taiwan, Taipei, with information copies to its office at 1700 North Moore Street, 17th Floor, Arlington, VA 22209-1996. Copies may also be sent to other organizations having an interest in the case.

f. Only U.S. or Taiwanese commercial vessels or aircraft may be used for shipments to Taiwan. The use of military vessels or aircraft of either country is not authorized. Shipments of sensitive, hazardous, and classified materiel originating in the United States will be moved by DOD military transportation to the CONUS port of exit (DTC 8); onward movement to Taiwan will be accomplished by Taiwanese commercial vessels provided by the Coordination Council for North American Affairs.

g. FMS cases and line items involving blanket order requisitioning authority, such as spare and repair parts, technical equipment, minor equipment modifications, technical assistance, training and

training aids, reparable, and publications, are committed at 100 percent of original case value before orders are accepted on succeeding LOAs. Exceptions to the maximum 2-year ordering period are authorized, where necessary. Standard footnote R11.D will be included in any succeeding LOAs. Because exceptions may result in price increases and lengthy periods of performance, basic LOAs should be amended, as necessary.

13-12. Iran

Procedures for assessing administrative charges related to the restructuring of the Iranian FMS program will be provided by USASAC.

13-13. Korea

a. FMS cases for Korea will initially be prepared for cash in advance or dependable undertaking. If DSAA authorizes foreign military financing, the Army will process a DD Form 1513-2 with a new financial annex.

b. All LOAs for technical data related to production, maintenance, or feasibility studies will contain standard footnote R15, Royalty Payment.

13-14. Turkey and Portugal

a. Requirements to recover nonrecurring costs may be waived if the items or services purchased are determined to enhance NATO standardization. Determinations will be made on a case-by-case basis. NATO standardization is considered to be enhanced whenever a NATO country purchases materiel or services that are standard in the U.S. Armed Forces.

b. Approved waivers apply to tooling rental charges and royalties for coproduction and licensed production of defense-related materiel for indigenous use.

c. USASAC will annotate applicable items on LORs for Turkey and Portugal, and direct preparing commands to—

(1) Prepare the LOA or amendment without the applicable charges. Standard footnote C8.A, which indicates the charges that are subject to waiver and have not been included, will be included in the LOA.

(2) Identify in the transmittal letter the types of charges and line items involved, and the amounts charged.

d. USASAC will forward the waiver request to DSAA when the LOA or amendment is sent for countersignature.

e. The summary of nonrecurring cost recoupment charges contained in figure 13-1 will be used with waiver requests. Applicable charges will be included and item 3 will be checked.

SUMMARY OF NONRECURRING COST RECOUPMENT CHARGES

Case No. PT-B-UCB	Yes	No
Nonrecurring cost charges included:		X
Reason charges not included (check applicable block)		
1. Not applicable to any line item		
2. Charges waived (or reduced) by DSAA		
3. Charges subject to waiver; DSAA has been requested to waive the charges		X
Nonrecurring cost charges by line/subline item		
Line/Subline Nomenclature	Identify MDE/Non-MDE	Pro Rata Charge
AN/VRC-46	MDE	\$70.00
		Quantity
		5
		Total Included
		\$350.00

COL Martin F. Sims
IL Dir, CECOM, 992-5206, 6 Aug 90

Figure 13-1. Summary of nonrecurring cost recoupment charges

13-15. Yemen

Standard footnote V1 must be included on each LOA that is funded by the Government of Saudi Arabia. The statement must be signed by Saudi Arabian representatives before the LOA can be considered valid.

13-16. Latin America

a. The Commander, U.S. Army Security Assistance Agency Latin America (USASAALA) is authorized to make limited FMS sales of Army materiel and services in Latin America, subject to the following restrictions:

- (1) Sales are limited to Central and South American countries.
 - (2) Sales will be on a cash basis, payable in U.S. dollars, unless funded under foreign military financing agreements.
 - (3) Sales are limited to stocks and resources located in Panama, including individual equipment, Spanish-language publications, audiovisual items, repair parts, secondary support items, services, and training.
 - (4) Sales of materiel will not adversely affect support of U.S. FMS customers for which the materiel was stocked; sales of services or training will not impair the effectiveness of customers for which it was intended.
 - (5) The total estimated cost (block 21, DD Form 1513) may not exceed \$15,000 per case. Any request for sales in excess of \$15,000 will be sent to USASAC (AMSAC-MA-LA), which will forward the request to HQDA (DALO-SAC) for approval.
- b.* In exceptional cases and when authorized by HQDA (DALO-SAC), USASAALA may write cases involving offshore procurement.
- c.* Requests for materiel known to be available in Panama will be forwarded by the in-country SAO to USASAALA, with an information copy of each request provided to USASAC (AMSAC-MA-LA).
- d.* The Commander, USASAALA, will—
- (1) Coordinate with U.S. Army South (USARSO) to determine if the request is appropriate for action authorized by this procedure.
 - (2) If the request is considered appropriate, provide data required for loading the DSAA 1200 system to USASAC (AMSAC-MA-LA).
 - (3) For cases requiring urgent handling, provide an explanation to

USASAC (AMSAC-MA-LA) to permit advance coordination with DSAA.

(4) Prepare an LOA and transmit a facsimile of the DD Form 1513 or an electronic message with DD Form 1513 data to USASAC (AMSAC-MA-LA and AMSAC-O). USASAC (AMSAC-MA-LA) will obtain case release approval and DSAA countersignature, and inform USASAALA by return message of the countersignature date.

(5) Upon receipt of the release approval message, complete the date and countersignature items (blocks 7 to 11) and forward the LOA to the customer through the SAO for acceptance, transmittal of funds, and authorization. The requesting country is allowed 60 days from the date of countersignature to accept the LOA.

(6) Advise DSAA, SAAC, USASAC (AMSAC-MA-LA and AMSAC-O) by message when the signed LOA and funds are received by the SAO. The signed LOA and funds, if applicable, will then be mailed to SAAC.

e. Upon receipt of the LOA from USASAALA, SAAC will establish the obligation authority ceiling in PBAS. USASAC (AMSAC-OX-BC) will generate a letter of implementation. Based on this letter, USASAC (AMSAC-O) will input data to generate requisitions through CISIL. The letter of implementation and requisitions will be forwarded to USASAALA and USARSO. USASAC automatically generates obligation authority for funded stock fund items through PBAS. Obligation authority for funded nonstock fund requisitions will be obtained from PBAS.

f. Upon receipt of obligation authority and requisitions, USASAALA will notify the 193rd Infantry Brigade to provide the requested materiel or services.

g. For cases accepted by country representatives in Washington, DC, the DD Form 1513 will be forwarded to USASAC (AMSAC-MA-LA) for countersignature prior to acceptance. Subsequent case processing will be the same.

h. LOA processing time will not exceed 40 calendar days. Urgent requirements should be processed in 12 days, dating from receipt of the request to release of the countersignature message.

i. Standard procedures as set forth in AR 37-60 and AR 37-80 will be used for controlling obligation authority, billing, shipment, requisition status, pricing, and case closure.

13-17. Japan

a. LOAs involving U.S. contractors will include standard footnotes P7.A, S17, and T2.

b. LOAs involving U.S. military personnel and civilian employees will include standard footnotes P7.B, S17, and T2.

c. The payment schedule in the financial annex will be prepared as follows:

(1) When the payment schedule requested by Japan and the payment schedule estimated by the U.S. Government are the same, only one payment schedule will be included. The initial deposit specified in paragraph 6 will be the amount requested by Japan.

(2) When different payment schedules are proposed, both must be included. The schedule computed by the United States will be identified as the normal estimated payment schedule; the schedule requested by Japan will be identified as the planned billing schedule. The planned billing schedule will be followed unless trust fund balances are inadequate to cover realized contract costs, at which time the normal estimated payment schedule will take effect.

(3) Paragraph 9 of figure 7-1 will read as follows: "The DOD will use its best efforts to bill the Government of Japan in amounts not exceeding those included in the Planned Billing Schedule. Based upon a thorough analysis of the overall deposits made and contemplated to be made into the entire Japan trust fund, DOD is confident that payments against such billings will maintain sufficient capital and termination liability reserves within the trust fund to fully comply with the Arms Export Control Act, as amended. However, should DOD estimates prove wrong and such reserves drop below acceptable levels in the trust fund, DOD reserves the right to increase billings against the LOA in accordance with the Normal Estimated Payment Schedule (General Conditions, paragraph B.3 of Annex A to the LOA)."

(4) When only one payment schedule applies, figure 7-1 will be used.

13-18. United Kingdom

The United States and the United Kingdom have agreed to waive nonrecurring cost and asset use charges for defense purchases upon request. The following procedures apply:

a. If a waiver is requested under provisions of the joint U.S. Government/United Kingdom agreement prior to preparation of the LOA or amendment, the LOA or amendment will be prepared with all nonrecurring cost and asset use charges included. Standard footnote C8.B, which identifies the charges subject to waiver, will be included.

b. The transmittal letter will identify the charges that apply, the items or services involved, and the amounts of such charges.

c. Upon approval of the waiver by DSAA, a DD Form 1513-2 will be prepared to delete the charges. Standard footnote W1 will be included in the modification.

13-19. North Atlantic Treaty Organization

Administrative charges may be waived for North Atlantic Treaty Organization (NATO) FMS cases that support NATO weapons system partnership agreements or NATO/Supreme Headquarters, Allied Powers, Europe (NATO/SHAPE) projects. Any administrative charges waived under this program must be reimbursed to the FMS administrative account by the U.S. Mission to NATO.

a. Definitions.

(1) Weapon system partnership agreement. An agreement between two or more NATO member countries that provides for the common logistical support of a specific weapon system that is common to the participating countries.

(2) NATO/SHAPE project. Any project undertaken with common funds provided by allocated credits of NATO organizations, or NATO infrastructure funds provided by member nations.

b. Procedures.

(1) LORs will normally be prepared by the NATO Maintenance and Supply Agency (NAMSA), and may be forwarded directly to USASAC.

(2) Upon receipt of a LOR by USASAC, the CPM will—

(a) Ensure that it includes a waiver request and adequate justification.

(b) Furnish a copy to DSAA if a separate copy has not been provided by NAMSA.

(c) Advise the case preparer that the case will not include administrative charges.

(3) Case preparers will prepare documentation as follows:

(a) Amendments that waive administrative charges to existing LOAs will show the cancellation note as deleted in block 12 and in the notes section of DD Form 1513-1. The amount of the administrative surcharges waived will also be identified in the transmittal letter.

(b) New LOAs will include the following statement within blocks 13-20 of DD Form 1513: "This LOA is in support of (identify the weapon system or cooperative NATO/SHAPE project), (U.S. Mission reference number). Administrative charges waived on this case will be reimbursed to the FMS administrative account by program 10 funds controlled by the U.S. Mission to NATO (USNATO message 121211Z Dec 89). Administrative charges are waived by the Director, DSAA, under provisions of Section 21(e)(3)(A) of the Arms Export Control Act." The transmittal letter to DSAA will indicate the amount of administrative charges waived. A copy of the message requesting the waiver will be attached to the case.

c. *Limitation.* Eligibility for waiver of FMS administrative charges is limited to LOAs implemented after 1 October 1988.

Chapter 14 Foreign Manufacture of U.S. Defense Equipment

14-1. General

This chapter defines Army policy and responsibilities relating to the foreign manufacture of U.S. defense equipment. DOD policy is stated in DOD 5105.38-M, section 1401.

14-2. Coproduction programs

When approved by DSAA, HQDA may initiate discussions to establish coproduction programs in response to requests by the SAO or authorized representatives of foreign governments and international organizations. As the Army executive agent, the Commander, USASAC, will coordinate programs with DSAA and HQDA. USASAC will lead or support negotiations as required. Army recommendations must represent consolidated and fully coordinated Army views. Recommendations of affected AMC MSCs and program or project managers will be obtained when appropriate. Army recommendations will be forwarded through HQDA to DSAA for authorization.

14-3. Joint working groups

a. With approval from DSAA, USASAC may assemble a joint working group at the beginning of a coproduction project to conduct exploratory discussions or identify country requirements. It will generally be composed of cognizant Army personnel, foreign government representatives, and U.S. and foreign industry representatives. The joint working group will be the focal point of all activities supporting—

(1) Feasibility studies.

(2) Industrial capability surveys.

(3) Technology assessments.

(4) Identification of work-sharing arrangements.

(5) Security considerations.

(6) Development of initial draft program requirements and responsibilities.

b. When the initial phase is complete, the participating governments should have sufficient information on which to base a "make or buy" decision. At this point, the joint working group should have draft requirements and responsibilities ready for review by the U.S. Office of the Secretary of Defense (OSD) and its foreign counterpart. Upon approval by the respective governments, negotiations to

develop a joint memorandum of understanding (MOU) may proceed.

c. The U.S. negotiating team will be organized by USASAC, with OSD and HQDA participation as required. Once agreement on the draft MOU is reached, it will be processed through HQDA to DSAA for final approval and signature.

14-4. Reports

The following reports relating to coproduction programs are required. Descriptions are provided as indicated.

a. Status report of coproduction programs (RCS: DSAA(Q) 1226): paragraph 20-6.

b. Security assistance coproduction projects status report (RCS: DD-DR&E(SA) 834): paragraph 20-8.

Chapter 15 Case Implementation

15-1. Procedures

a. DD Form 1513, with accompanying documents, becomes an accepted FMS case when signed by authorized representatives of the U.S. Government and the purchasing country or international organization, and when the necessary finances have been arranged.

b. The CPM reviews DD Form 1513 to ensure that all entries are complete and can be implemented.

c. SAAC provides the Army with obligation authority to permit implementation by USASAC.

d. Once the case is correctly implemented in the Defense Integrated Financial System (DIFS) and PBAS, USASAC (AM-SAC-RF-C) provides the central case manager (CCM) at USASAC-NCAD with an approved document (PBAS FCC CLIST) indicating that the case may be implemented in the International Logistics Information File (ILIF). The CCM loads the date of the approved document in ILIF. This becomes the case implementation date that is automatically entered in the SACTS data base. The CPM then sends an implementation letter and a copy of the implemented LOA, amendment, or modification to the following:

- (1) The case preparer.
- (2) SATFA (ATFA-R), for major weapon systems or NOO-series generic-coded lines.
- (3) Commands or agencies that manage requested items or services.
- (4) DESCOM, for cases involving services to be performed by a U.S. Army depot. This includes repair and return services, equipment modifications, and overhaul of U.S. Army assets for subsequent sale to foreign purchasers (source of supply "R").
- (5) The SAO, if applicable.
- (6) The unified command, if applicable.

15-2. Requisitions

a. Once the case has been implemented, USASAC-O prepares necessary MILSTRIP requisitions. DOD 4140.17-M, supplement 2, details MILSTRIP procedures for FMS case transactions in the standard system. USASAC-O prepares and maintains the central record activity. The control register is updated to include control numbers, case value, and command or agency; input data are prepared for the central recording computer.

b. As the requisitions for other than stock fund and Army procurement appropriation secondary items are received at the performing command or agency, obligation authority is obtained through PBAS. USASAC-O withdraws obligation authority for stock and secondary fund items. This automated system provides the authority to incur obligations as granted by SAAC. It represents DD Form 2060, parts A and B.

c. Two requisitions are required for each separate item that will be forwarded in a consolidated shipment. One is needed to obtain materiel from the supplier and move it to the assembly point; the

second is required to release the materiel to the customer or freight forwarder.

d. Requisitions submitted by purchasers generally relate to blanket order and CLSSA cases. The following procedure and forms will be used:

(1) *Mechanical preparation.* DD Form 1348 (DOD Single Line Item Requisition System Document (Mechanical)). Purchasers having AUTODIN data transmission capability will use punched cards; AUTODIN message, commercial message, or mail may be used by others.

(2) *Manual preparation.*

(a) DD Form 1348 (DOD Single Line Item Requisition System Document (Manual)).

(b) DD Form 1348-6 (DOD Single Line Item Requisition System Document (Manual Long-Form)).

(c) SF 344 (Multiuse Standard Requisitioning/Issue System Document).

(d) DD Form 173 (Joint Message Form).

(3) *Transmittal.* All requisitions initiated by purchasers will be sent to USASAC-O.

(a) Requisitions bearing DIC AO1 and AO4 will be sent by AUTODIN data transmission, when available. AUTODIN narrative message (DD Form 173) or mail may be used by others.

(b) Requisitions bearing DIC AO5 must be mailed or sent by AUTODIN narrative message. They may not be sent by AUTODIN data transmission.

15-3. Force activity designators

a. Assignment of force activity designators (FADs) to foreign countries is based on the following factors:

- (1) Support of U.S. Armed Forces.
- (2) U.S. foreign policy.
- (3) Current and projected political, military, and strategic factors.
- (4) Forward defense commitments and other security arrangements that commit the United States to the defense of a foreign country.
- (5) Global and regional priorities for foreign military financing.
- (6) Membership in regional military organizations or associations.
- (7) Current and projected logistical impact on U.S. Armed Forces.

b. FADs are assigned by the Joint Chiefs of Staff. For foreign military financing cases, however, the military Service with primary interest may assign a temporary FAD that is higher than the assigned FAD, not to exceed FAD II, for a period not to exceed 1 year. Appropriate coordination will be made with other affected Services, and the Joint Chiefs of Staff will be informed.

c. FAD assignments for countries participating in CLSSAs will be governed by the provisions of applicable FMS agreements. The FAD assigned to each CLSSA should not exceed the highest FAD authorized for the supported FMS case. Temporary FADS assigned to CLSSAs should correspond to temporary FADs assigned to the supporting FMS case.

15-4. Uniform Materiel Movement and Issue Priority System

The Uniform Materiel Movement and Issue Priority System (UMMIPS) establishes requisition processing and materiel movement standards, and applies to all FMS requisitions. The UMMIPS priority designator is based on the assigned FAD and urgency of need designator. Any deviations must be approved by HQDA.

15-5. Concurrent spare parts

a. Concurrent spare parts listings will be prepared at the same time as the LOA. End item and support data will be furnished to USASAC-NCAD (AMSAC-OE or AMSAC-OX) by the responsible command or agency at the time the LOA is sent, using DIC X1R-X2R on card or tape, or by AUTODIN data transmission. For electronic LOA submissions, listings will be provided prior to or at the time the LOA is transmitted. Standard footnote C12.C will be used on all cases with CSP listings.

b. Listings will be processed as follows:

(1) USASAC-O will edit the data, validate all NSNs or part numbers, and replace invalid stock numbers, based on advice of the end item manager. A listing or tape of validated stock numbers, along with recommended quantities, will be prepared and sent to the CPM within 5 workdays.

(2) The CPM will include the listing with the LOA when it is forwarded to the purchaser. The purchaser will annotate any quantity or item changes desired and return it with the accepted case.

(3) USASAC-O will prepare requisitions and send them to the supply source, using the appropriate routing identifier code (RIC). Priority will be related to urgency of need designator C, unless an exception authorized in AR 725-50 applies.

c. If the listing cannot be provided with the case, reasons will be explained in the transmittal letter and an anticipated date of delivery will be furnished. Standard footnote C12.D will be used on cases that do not include a listing. Standard footnote C12.A1 will be used along with either standard footnote C12.C or C12.D.

d. End item managers will ensure that—

(1) Concurrent spare parts are available early enough to permit shipment of end items by required delivery dates.

(2) Major items or systems are not released until a minimum of 75 percent of the concurrent spare parts, and all mission-essential items, have been shipped. When this criteria cannot be met, the end item or system will not be shipped unless recommended by the end item manager, approved by AMC, and accepted by the country, based on an assessment of the operational impact, adequacy of plans to reduce the impact of shortfalls, and establishment of acceptable target delivery dates.

(3) Winterization and cold weather items included on parts listings are actually needed. CPM taskings will specify if winterization and cold weather equipment should be included in concurrent spare parts listings. MSCs will structure concurrent spare parts lines accordingly.

15-6. Diversion of materiel

a. High-priority FMS needs may be met by diverting production for, or withdrawing equipment from, U.S. Armed Forces. However, diversion or withdrawal actions must not degrade U.S. operational readiness. Materiel will not be taken from U.S. stocks, nor will deliveries of critical items be diverted from U.S. production unless national security or foreign policy requirements are such that diversion or withdrawal is in the U.S. national interest.

b. When requests or recommendations for diversion are made, the affected command, agency, or activity will complete the diversion decision form prescribed in paragraph 15-8 and send it to the appropriate USASAC region for internal coordination. USASAC has the authority to divert equipment without referral to HQDA, except for—

(1) Ammunition (class V).

(2) Major end items (class VII).

(3) Items included in the Program Management Control System.

(4) Items included in the Selected Acquisition Report.

(5) AMC prepositioned war reserve materiel stocks.

c. Diversion decisions are subject to the following criteria:

(1) Replacement must be accomplished within 12 months.

(2) AMC must conclude that the diversion will have minimal impact on Army readiness.

(3) HQDA (DALO, DAMA, and DAMO) must be informed monthly, by message, of all diversions directed under this authority.

d. Requisitions for initial repair parts must be assigned urgency of need designator C, as authorized in AR 725-50. However, when equipment is to be diverted or delivery accelerated, the use of low-priority requisitions may not be sufficient to attain the 75-percent requirement for concurrent spare parts. Therefore, it may be necessary to use either a high IPD or an alternative to prevent an adverse effect on U.S. stocks. While special attention may be required, a diversion or directed early shipment is not authority to deviate from AR 725-50 criteria. Exceptions to AR 725-50 will be considered by

HQDA after review of the major item program commitment and U.S. Army needs.

e. Impact assessments will include consideration of concurrent spare parts. This will preclude the need for separate policy exceptions after submitting the major item impact assessment.

f. Classification of major item sales will conform to the codes prescribed in AR 37-120; for example, RS/RM/MR for FMS. Pricing for each classification will be per AR 37-60.

g. Case preparers will establish internal controls to ensure that the Army receives payment for diverted items.

15-7. Directed, expedited, and routine diversions

a. HQDA may direct diversions when urgent requirements preclude the preparation, submission, and evaluation of diversion requests outlined in paragraph 15-6. HQDA will direct diversions by message to the appropriate USASAC region. The message will provide authority to divert materiel from specific sources, such as U.S. Army depot stock not reserved for CONUS decrement, prepositioned war reserve materiel stock (PWRMS), U.S. Army production items due in, or U.S. Army overhaul programs.

b. Expedited diversions may result from DSAA or HQDA requests for priority consideration and preclude detailed reviews or recommendations by USASAC. Diversion requests in the abbreviated format given in paragraph 15-8 will be provided to the USASAC regional directorate through datafax, with an information copy provided to HQDA (DALO-SAC).

c. Routine diversions may result from requests for improved delivery schedules by security assistance customers, DSAA, or HQDA. Timely processing is required.

15-8. Diversion decision forms

a. The following forms are used in processing diversion decision actions. A copy of each is included at the end of this regulation and may be reproduced locally. Related instructions are provided in tables 15-1, 15-2, and 15-3.

(1) DA Form 5905-R, Diversion Decision Considerations — Ammunition.

(2) DA Form 5906-R, Diversion Decision Considerations — Major Items Less Ammunition.

(3) DA Form 5907-R, Diversion Decision Considerations—Class II and IX Procurement Appropriation Secondary Items).

(4) DA Form 5908-R, Scheduled Receipts from Production and Overhaul.

b. Commands, agencies, and activities should use the diversion decision forms to develop and recommend methods that meet customer needs and have the least impact on Army readiness. Additional information that should be considered but is not included in the scope of a form should be included as footnotes.

c. HQDA will use diversion decision forms to develop or analyze options when delivery of an end item affects security assistance programs or the readiness of U.S. Armed Forces. The diversion decision forms include data on assets on hand, requirements, production and overhaul schedules, operational impact, and recommendations.

d. Forms will be classified based on the classification of the data entered. The effect of accumulated unclassified data must be considered.

15-9. Abbreviated diversion requests

a. The use of abbreviated diversion requests may be directed by USASAC in instances where the urgency of need precludes the compiling of information required in the diversion decision forms.

b. Abbreviated diversion requests, when used, will be submitted by electronic message to the appropriate USASAC region and HQDA (DALO-SAC), and will contain the following items:

(1) DA Form 5905-R. Items 1, 3, 4, 6, 8, 10, 11, 13, 14, and 15. In item 10, also state if payback is required and, if so, the estimated quarter and fiscal year that payback could occur.

(2) DA Form 5906-R. Items 1, 3, 4a, 7, 13, 14, and 16. If the answer to item 7 is yes, submit an abbreviated diversion request for

the items involved. In item 13, also state if payback is required and, if so, the estimated quarter and fiscal year that payback could occur.

(3) *DA Form 5907-R*. Items 1 through 6, and 8. In item 8, also state if payback is required and, if so, the estimated quarter and fiscal year that payback could occur.

15-10. Special defense acquisition fund materiel

SDAF materiel is procured for sale or transfer to foreign governments and international organizations, as explained in chapter 11. Use of SDAF assets to meet urgent needs constitutes a sale, not a diversion, and requires HQDA and DSAA approval. Replacement of diverted Army assets with SDAF assets is subject to prescribed pricing and procurement policy.

15-11. Suspensions and cancellations

a. Procedures governing suspension or cancellation of FMS cases, including training, are provided in DOD 5105.38-M, paragraph 20304.

b. Suspension of delivery is not, in itself, a cancellation or contract termination. The State Department, however, may cancel any FMS transaction for which shipment is suspended. When cancellation is directed, DSAA will provide specific guidance, to include disposition of items and funding.

c. When a suspension or cancellation is lifted, USASAC will advise all supporting commands, agencies, and activities to resume supply actions.

15-12. Disposition of suspended shipments

a. Suspended shipments held at AMC storage facilities will be unpacked, inspected as required, and returned to stock 45 days after the start of the suspension, unless instructions to ship within the next 45 days have been received. Limited-shelf-life items, however, will be returned to stock immediately; the 45-day waiting period does not apply.

b. When materiel is returned to stock, the storage facility will close the Materiel Release Order (MRO) by confirming its shipment using DIC ARO, ARA, or ARB, as applicable. The shipment confirmation will also specify type of hold code F (embargo), mode of shipment code G (surface parcel post), and the action date as the date shipped. To ensure that the materiel is properly controlled and remains reserved for the customer, the quantity and condition of each item will be posted back to the accountable balances of the ICP shown in card columns 67-69 of the MRO; the custodial balances will use DIC D6Z and ownership code 8. The quantity, document number, and suffix code entered in the D6Z will be obtained from the MRO.

c. Credits will not be issued for items returned to stock, unless otherwise directed by USASAC.

d. The Commander, AMC, will establish procedures for returning ammunition items to stock.

e. The following procedures will be used in returning materiel, other than ammunition items, to stock:

(1) To the extent practical, limited-shelf-life items will be returned to stock immediately after receipt of a suspension notice.

(2) Containers that include both limited-shelf-life and other items will be unpacked and all items returned to stock if the value of the limited-shelf-life items is \$100 or more.

(3) Serial-numbered items returned to stock will be stored separately, and posted to identify the serial numbers and purchaser.

(4) If notification has been received that a suspended shipment will be shipped within 90 days of the date of suspension, but shipping instructions are not received by the end of that period, the materiel will be returned to stock.

f. Storage facilities will accumulate unpacking and storage costs associated with the suspension and charge them back to the appropriate case in the same way stock selection and packing costs are charged. Costs may be prorated if materiel for two or more suspended cases for the same country are held by the same storage facility.

15-13. Tool sets, kits, and outfits

a. FMS orders for tool sets, kits, and outfits will be grouped as determined by the supporting MSC based on the method of acquisition.

b. Supply sources will review the status of items that are required for tool sets, kits, and outfits at least 90 days before the delivery commitment date. If shipment may be delayed due to a shortage of tools or parts that are available commercially, local purchase should be considered if it would prevent a delay in shipping. Tools or parts that are purchased locally will be priced at the replacement cost, and MSCs will pull obligation authority for the procurement.

c. If a potential shipping delay is caused by shortages of parts that have no adverse impact on the technical or operational capabilities of the end item, and the required parts are not bought through local purchase, the supply source will request a waiver to ship incomplete from USASAC (AMSAC-applicable CCM directorate), New Cumberland, PA 17070-5096. The waiver request will—

(1) Identify shortages by NSN, price, and availability.

(2) Advise if the shortages can be canceled without termination liability charges. Charges should be provided, where applicable.

(3) Provide the cost of the end item.

d. USASAC (AMSAC-O) will inform the country that the end items are available for shipping with shortages of noncritical parts, furnish the reduced cost of the end items, provide price and availability data for the shortage items, and offer the following options:

(1) Accept the end items with shortages to be made up as parts become available. If selected, USASAC (AMSAC-O) will task the supply source to—

(a) Prepare a DD Form 1513-2 to establish an additional case line for shortage items and reduce the case line for the end items by a like amount.

(b) Ship the end items, less shortages, and bill at the reduced amount. USASAC (AMSAC-O) will requisition the shortages from the normal sources of supply.

(2) Accept the end items and cancel the requirements for shortage items. If selected, USASAC (AMSAC-O) will task the supply source to ship the end items, less shortages, and adjust the billing to reduce the price by the value of the shortage items and add any applicable termination liability charges.

(3) Hold until the end item can be shipped complete.

e. Standard footnote C11 will be included on LOAs offering tool sets, kits, and outfits. This advises purchasers of U.S. Government policy when components change between case implementation and delivery.

f. Requirements for medical equipment sets will be reviewed by USAMMA to determine availability and separate requirements. When completed, requirements will be passed to the supply source for assembly of component parts. Build time is a minimum of 36 months. The supply source will review the sets when at least 90 percent of the components are assembled and notify USAMMA. If shortages of components that have no adverse impact on the technical or operational capabilities of the sets preclude shipment on schedule, and the components are not bought through local purchase, USAMMA will request a waiver for incomplete shipment from USASAC-O in accordance with procedures prescribed in paragraph 15-13c.

15-14. Issue of stocks below the reorder point

a. Inventory managers may issue stocks below the reorder point to fill FMS requisitions as long as such issues do not adversely affect support of U.S. Armed Forces and items are needed to meet FMS delivery dates. FMS requisitions for materiel on backorder, including those for shortage items, should be reviewed after the procurement lead time has expired.

b. If the review indicates that there is no adverse effect on support of the U.S. Armed Forces, the inventory manager may authorize issue from stocks below the reorder point down to the safety level without further approval. No request for diversion is required. If the inventory manager decides against releasing the stocks, a written appeal in the form of diversion decision considerations will be sent to USASAC. An information copy will be sent to

USASAC–NCAD (AMSAC-applicable CCM directorate). USASAC will then forward the request to issue from stocks below the reorder point to HQDA (DALO–SAC).

15–15. Shortages of basic issue items

a. Basic issue items are normally shipped with the end item and are listed in the applicable technical manual. Claims for shortages of basic issue items will be addressed by letter or message to USASAC, ATTN: (applicable CCM directorate), 3rd Street and M Avenue, Building 54, New Cumberland Army Depot, New Cumberland, PA 17070–5096. Information provided should include, as appropriate, the country, case, document numbers, NSNs and nomenclatures of missing items, quantities short, dollar value, and any supporting documentation.

b. ROD procedures do not apply to reporting shortages of basic issue items.

c. USASAC–O will prepare free issue exception requisitions to fill shortages, using signal code D or M as appropriate. No additional transportation charges will be assessed, since applicable charges were computed and billed with the major item. USASAC–O will coordinate the supply action with the preparing command and keep the customer informed.

Table 15–1
Instructions for completing DA Form 5905–R

Item	Instructions
—	Upper right corner of page 1: enter date of data source for the “As of” date. Other entries: self-explanatory.
1–2	Self-explanatory.
3a	Enter quantity of total assets on hand worldwide shown in the latest RCS–CSGLD 1322 (Worldwide Ammunition Requirements Status (WARS)) report. Enter the date of the WARS report used.
3b	Enter quantity of the total Army requirements shown in latest WARS report. Quantity should equal total of distribution requirements.
4a	Enter quantity for which the diversion applies. Enter date delivery to customer is required.
4b	Compute by dividing item 4a by item 3a.
4c	Enter undelivered quantities on all cases and record control numbers for item and country (item) to be supplied from normal procurement, less the quantity in item 4a.
5–7	Self-explanatory.
8	If answers to items 8a, b, and c are no, specific information must be entered in item 8d.
9	If yes, identify country case and RCN from which diversion is feasible, together with the rationale.
10–13	Self-explanatory.
14a	Enter AAO. Enter the source of the data and the date of source document.
14b	Enter total Army distribution objective (ADO).
14c–15	Self-explanatory.

Table 15–2
Instructions for completing DA Form 5906–R

Item	Instructions
—	Upper right corner of page 1: enter date of data source for the “As of” date. Other entries: self-explanatory.
1–2	Self-explanatory.
3a	Enter quantity of total assets on hand worldwide as shown in the latest DESCOM Total Army Equipment Distribution Program (TAEDP). Enter the date of the TAEDP used.
3b	Enter quantity of the total Army requirements shown in latest TAEDP product. Quantity should equal total of distribution requirements.
3c	Enter the AAD. Enter the source of the data and the date of source document.
4a	Enter quantity for which the diversion applies. Enter date delivery to customer is required.
4b	Compute by dividing item 4a by item 3a.

Table 15–2
Instructions for completing DA Form 5906–R—Continued

Item	Instructions
4c	Enter undelivered quantities on all cases and record control numbers (RCNs) for item and country (item) to be supplied from normal procurement, less quantity in item 4a.
5–6	Self-explanatory.
7	Identify specific items of support for which diversion is required to ensure that the item 1 can be deployed for its intended purpose.
8	Self-explanatory.
9	Production and overhaul totals should be the same as shown on DA Form 5908–R.
10	If answers to items 10a, b, and c are no, specific information must be entered in item 10d.
11	If yes, identify country case and RCN from which diversion is feasible, together with rationale.
12–17	Self-explanatory.

Table 15–3
Instructions for completing DA Form 5907–R

Item	Instructions
—	Upper right corner of page: enter date of data source for the “As of” date. Other entries: self-explanatory.
1	Enter noun and model number of item being considered for diversion.
2	Enter NSN of item cited in 1.
3	Enter quantity to be considered for diversion.
4	Enter country name and FMS case designator to which diversion is to be considered.
5a	Stocks on hand: enter quantity of item on hand in depots (show ownership, purpose, and condition).
5b	Procurement due in: enter total quantity due in. On contract: enter that portion of total quantity due in that is on contract. Not on contract: enter that portion of total quantity due in that is not on contract.
5c	Delivery schedule for quantity on contract: enter quarter/fiscal year during which the quantity on contract will be delivered (due in).
5d	Delivery estimated for quantity not on contract: enter estimated quarter/fiscal year during which the quantity not on contract will be delivered (due in).
5e	Total assets on hand and/or due in: enter total quantity of stocks on hand in depots and procurement due in.
6a	Due out: identify MACOMs and/or security assistance customers having assets due out, and enter in parentheses under the appropriate issue-priority designator groupings (IPDG) the quantity due out.
6b	Other requirements: enter name of claimant and/or identify other requirements, such as projects, programs, contingencies, other U.S. Armed Forces, etc. Enter appropriate quantity for each.
6c	Enter totals due out.
6d	Enter average monthly demand quantity based on 2 years’ experience.
7	Provide the MSC’s recommendation for or against diversion, considering the customer’s requirement versus the impact on the U.S. Army. Include rationale for recommendation.
8	Analyze the impact on the Army, assuming that the HQDA decision will be to divert from Army assets.

Chapter 16 Transportation

Section I Foreign Military Sales Shipments

16-1. General

a. Responsibilities of the U.S. Government, purchasers, and shippers relating to the transportation of FMS materiel are described in DOD 5105.38-M, paragraphs 80206.C, D, and E.

b. Transportation of FMS materiel is normally based on delivery at origin. The cost of CONUS inland transportation and onward movement to the overseas destination is paid by the purchaser, as described in DOD 4500-32-R. DSAA may approve other delivery points, as circumstances warrant. When DOD sponsors onward transportation through a GBL, the standard transportation rates from AR 37-60 apply. The command or purchaser may request a waiver to use estimated charges instead of percentages. Requests should be submitted to USASAC (AMSAC-R), which will forward them through the AMC resource manager to the U.S. Army Finance and Accounting Center (DACA-FA) for resolution.

16-2. Shipment and transfer of title

FMS shipment policy and procedures relating to point of delivery and transfer of title are described in DOD 5105.38-M, paragraph 80206.B.

16-3. Consolidated shipments

a. Shipments of FMS materiel will be consolidated to the extent possible, based on customer requirements. Criteria is provided in AR 725-50.

b. LOAs for defined line cases with concurrent spare parts will include standard footnote A14, stating that major end items, secondary items, and concurrent spare parts will be forwarded as consolidated shipments. Consolidation will be managed by the responsible command, agency, or activity.

c. Two requisitions are needed for each item that is to be included in a consolidated shipment: one to obtain materiel from the source of supply and move it to the assembly point; the second to release the materiel to the customer or freight forwarder.

d. Materiel comprising a consolidated shipment is collected, or staged, at an assembly point, or staging area, for onward movement to the overseas destination. Costs for staging materiel in CONUS facilities are added to DOD transportation costs. A 3 percent staging charge applies if DSAA has authorized below-the-line recoupment of staging costs. Normally, the actual costs of staging will be an above-the-line charge.

16-4. Packing, crating, handling, and marking

a. U.S. Government or contract shipping facilities will pack and mark FMS materiel per military standards (MILSTDs) 2073-1A and 129. Materiel will be preserved to level A and packed to no less than level B. Standard footnote P12 should be included on all materiel cases.

b. Packing, crating, and handling charges will be placed in block 22, DD Form 1513, when applicable. Charges apply to materiel supplied from U.S. Army depots, but not to materiel supplied directly from a procurement source, since the cost is normally included in the contract. Standard footnote P1.A applies when some or all items require this service or when it may not be clear to the customer that the charges apply. Standard footnote P1.B should be used only in rare instances when the source of supply cannot be determined when the case is prepared. No charges should be placed on DD Form 1513 when this note is used.

c. Cases that include General Services Administration (GSA) items are subject to a GSA export surcharge. This is a packing, crating, and handling charge for items delivered from GSA stocks. The following procedures apply:

(1) The GSA export surcharge will be shown as a below-the-line charge in block 22.

(2) The inventory price will be used for billing purposes, and will not include the GSA export surcharge.

(3) The surcharge applies only to GSA items offered as defined lines or annexes on the LOA. It does not apply to concurrent spare parts listings unless all parts are GSA items. If the surcharge applies to any item on the listing, it can be recovered by showing the proper codes on the billing so that SAAC can assess the rate. The surcharge will not affect the next case value.

(4) A pseudobilling for the surcharge only will be prepared using country code 81, a RIC beginning with G, and delivery source code EG on the DD-COMP(M) 1517 report. A separate DD-COMP(M) 1517 report, for the materiel value only, will be prepared using a RIC beginning with G, and delivery source code EF. This will allow SAAC to assess the current GSA export rate against the materiel value delivered from GSA stocks.

(5) Standard footnote P1.C will be used when all items are provided from GSA stocks; standard footnote P1.D applies when items are provided from both U.S. Army depot and GSA stocks.

16-5. Forwarding costs

a. If the cost of the materiel does not include the cost of transportation to the first destination, it will be charged to the purchaser on a collect commercial bill of lading (CCBL) for DTCs 4 and E, or on a government bill of lading (GBL) for all other DTCs, citing the FMS fund cite.

b. If the cost of the materiel includes the cost of transportation to the first destination, shipments will be made commercial prepaid at no expense to the purchaser, or on a GBL citing other than the FMS fund cite.

c. All shipments carried by the U.S. Postal Service (USPS) or commercial small-parcel carriers, such as United Parcel Service (UPS), will be prepaid by the shipper. SAAC will bill transportation expenses for small-parcel shipments to the purchaser, using the applicable percentage rates.

d. Transportation costs will be charged per AR 37-60, and will normally be included below the line on DD Form 1513. SAAC will bill the purchaser according to the standard rate or an approved cost lookup table included in DOD 5105.38-M, appendix F.

e. As a self-insurer, the U.S. Government normally ships DOD and FMS materiel subject to released rates at the highest valuation that produces the lowest rates. FMS materiel moves commercial tariff rates. Extra values are not declared. Standard footnote T14.L will be included in all materiel cases, other than code 4, to inform customers of this policy.

16-6. Offer/release code shipments

Policy governing the use of offer/release codes is provided in DOD 5105.38-M, paragraph 80206.B.6.

16-7. Discrepancies

a. Procedures for resolving transportation-related discrepancies, to include shortages, losses, and damages, are provided in DOD 5105.38-M, paragraph 80206.B.7.

b. In cases where Reports of Discrepancy (RODs) are submitted that request credit for missing or defective items that remain required, the ROD and any necessary replacement requisitions will be processed separately. The country must re-requisition the item under a current FMS case as soon as it is determined that items are missing or defective. The ROD will be processed in accordance with current procedures and, if determined to be valid, SAAC will be advised to credit the appropriate FMS accounts. The country must pay the existing price at the time the item is dropped from inventory, regardless of the fact that it was initially released at a lower price.

c. All LOAs for the NATO Maintenance and Supply Agency (NAMSA) (N4, M5, K6, and N7) will include standard footnote S.10. This note defines nonreceipt of materiel as shortages (DD Form 1513, annex A, general conditions, B6).

d. Claims for nonreceipt of an entire shipment must be submitted within 1 year after shipment or billing, whichever is later. RODs for all other claims must be submitted within 1 year of the date that title

passes. The term "entire shipment" is defined as the sum of the quantities of all incremental shipments, shipped under a single Transportation Control Number (TCN), that equals the quantity of the FMS case line. Standard footnote R6 will be included to explain line limitations.

16-8. Small-parcel shipments

a. Qualifying materiel will be shipped through a small-parcel carrier service when it is responsive and economical. Transportation officers may use either USPS or commercial small-parcel carriers, such as UPS. SAAC will assess charges for such shipments and bill applicable percentages to the purchaser. Small-parcel shipments will be sent to the address designated in the MAPAD, or to special exception addresses.

b. To preclude lengthy claims procedures, registered or certified return receipts are required on all U.S. parcel post shipments, and signed equivalent receipts are required on commercial shipments. Shipments may be insured, if appropriate. Receipts can then be used as proof of delivery for ROD processing. The correct transportation bill code (TBC) must be cited in column 59 of the DD-COMP(M) 1517 report to insure recoupment of costs incurred by the U.S. Government. TBC A applies to U.S. parcel post shipments; TBC B, to commercial shipments. SAAC then bills the customer for 3.75 percent of the materiel charges and reimburses the Army command submitting the bill. If a case has a substantial amount of these costs, the LOA should be modified to include the charges.

c. As a rule, the Military Postal System will not be used for FMS shipments. Exceptions are authorized for classified shipments or shipments that specify delivery through the in-country SAO. When shipment is to be made by domestic parcel post or commercial carrier, the transportation officer should consult the tariffs that apply to package carriers. The desired service must meet the following criteria:

- (1) Provide required service for the least cost.
- (2) Provide an audit trail or proof of entry into the transportation network.
- (3) Provide speed of service comparable to that of other package carriers.

16-9. Exceptions

Exceptions to delivery policy will be made on a case-by-case basis with approval of DSAA and concurrence of OSD (P&L), and will be noted on DD Form 1513.

16-10. Military transportation

DOD 5105.38-M, paragraphs 80206.B.10 and 11 govern the use of DOD military transportation systems. The following guidelines apply:

a. Requirements for special assignment airlift mission (SAAM) flights will be shown as a separate line item on DD Form 1513 as MASL code 016400-ARSMSV, generic code L1C, and an appropriate description. These are special military charter flights and are priced at the time the LOA is prepared. The SAAM flight line item will be recorded in CISIL to identify the line manager of the materiel to be shipped by SAAM. USASAC is the line manager for materiel supplied by either DLA or GSA. Costs shown on DD Form 1513 will be estimates. Other services, including regularly scheduled Military Airlift Command (MAC) flights, are provided for in the standard transportation rates prescribed in AR 37-60 and DOD 7290.3-M, and should be shown below the line.

b. The following countries are authorized to ship all FMS materiel through DOD military transportation: Belize, Bolivia, Botswana, Chad, Costa Rica, Djibouti, Eastern Caribbean countries, Colombia, Ecuador, El Salvador, Haiti, Honduras, Jamaica, Kenya, Liberia, Malawi, Morocco, Peru, Niger, Philippines, Senegal, Somalia, Sudan, and Zaire.

c. Unless DSAA provides specific guidance to the contrary, USASAC will task MSCs to prepare all LOAs to specify delivery by DOD military transportation using the most economical means (normally DTC 6). The following guidance applies:

(1) All line items with unit costs under \$10,000 and all blanket order cases will be charged based on the normal system for computing DOD military transportation costs detailed in DOD 7290.3-M, section 704.

(2) MSCs will use the transportation cost lookup table in DOD 5105.38-M, appendix F, to the maximum possible extent. Qualifying items will be added to the lookup table as required. MSCs will identify additional items that should be added and submit required data to USASAC (AMSAC-RP) for review and approval by DSAA. MSCs will also provide recommended rates for the subsequent fiscal year to USASAC (AMSAC-RP) by 30 June annually, for consideration by DSAA.

(3) For ammunition and other items that do not qualify for inclusion in the lookup table, estimated actual transportation costs will be used instead of standard percentages if the extended cost is \$10,000 or more per line.

(4) Standard footnote T14.C will be included in the LOA for items with a unit cost of \$10,000 or more. This footnote specifically identifies line item costs for each transportation element, such as CONUS inland movement, port loading, and ocean transportation.

(5) SAAC will retain copies of the LOA note for billing purposes. The hardware DD-COMP(M) 1517 card submitted to report physical delivery should contain an "L" in card column 59. SAAC will bill the transportation amount identified in the LOA note for affected items.

(6) For changes in transportation costs, MSCs will submit a DD Form 1513-1 or DD Form 1513-2, as appropriate, to USASAC for coordination with and countersignature by DSAA.

(7) Nothing in this paragraph alters the standing policy of ensuring that DOD military transportation services will be fully reimbursed for services rendered. The transportation operating agencies will bill SAAC for transportation services performed, using standing procedures and established rates.

16-11. Discharge of materiel from military transportation

The functions of the U.S. representative responsible for discharging FMS materiel from DOD military transportation are identified in DOD 5105.38-M, paragraph 80206.B.12. Use of DOD military transportation in redelivering defense items is described in DOD 5105.38-M, paragraph 80206.B.13.

16-12. Government bills of lading

See DOD 5105.38-M, paragraph 80206.B.14.

16-13. Collect commercial bills of lading

See DOD 5105.38-M, paragraph 80206.B.15.

16-14. Transportation of materiel procured from foreign sources

See DOD 5105.38-M, paragraph 80206.B.16. Any contract for materiel procured from foreign sources by the U.S. Government on behalf of a FMS customer must include a requirement for the foreign contractor to ship the materiel FOB destination. DTC-4 will be shown in block 20 of DD Form 1513, which requires that the materiel will be moved by the foreign contractor to the CONUS freight forwarder or country representative by CCBL.

16-15. Prohibition against reduced rates

Free or reduced rates that apply to U.S. Government requirements under section 10721 of the 1978 revision of the Interstate Commerce Act do not apply to FMS shipments. Commercial carrier tariff rates apply.

16-16. U.S. Government functions

a. *Initiation of shipments.* The U.S. Government will ship to the delivery point identified by the DTC on DD Form 1513.

b. *Evidence of shipment.* The United States is required to provide evidence of shipment only for materiel shipped on a CCBL. A copy of the freight bill of lading constitutes proof of shipment. Customers requesting proof of shipment will be provided a copy of the bill of

lading showing acceptance by a carrier. The filing of a tracer or claim action against the carrier is the responsibility of the customer.

c. Proof of delivery. The term "proof of delivery" means actual evidence of delivery to the designated consignee. Proof of delivery consists of documentation, such as a carrier bill of lading signed by the consignee, a USPS return receipt, or a commercial carrier receipt signed by the consignee. The U.S. Government is responsible for providing proof of delivery to final destination for shipments prepaid by the U.S. Government. This includes GBLs, prepaid commercial bills of lading (CBLs), and prepaid small-parcel carrier shipments.

d. Materiel shipment. The U.S. Government ships materiel to the delivery point identified by the DTC. Premium transportation will be used only when authorized on the LOA, for U.S. Government-sponsored transportation, or when requested by the freight forwarder or country representative.

e. Liaison assistance. See DOD 5105.38-M, paragraph 80206.C.6.

f. Preshipment inspection. This is a special inspection performed to ensure that all items are serviceable. It is required for items with inspection criteria that are different from or exceed those that apply to Government-furnished materiel. When required, charges are included in the unit price of the item, and no separate breakout or footnote should be included on DD Form 1513.

16-17. Customer functions

a. Shipping functions that apply to the customer are prescribed in DOD 5105.38-M, paragraph 80206.D.

b. The following procedures should be used to determine the status of shipments:

(1) If the customer has received MILSTRIP status indicating that a shipment has been delivered to the freight forwarder, and the materiel is not received within 60 days of the date shipped, status should be requested from the freight forwarder. If the freight forwarder has received the materiel, current status should be provided to the customer.

(2) If the freight forwarder has not received the materiel but has received advance copies of the release documents, the freight forwarder should contact the shipping activity for assistance.

(a) If the transportation charges were prepaid by the shipper through a GBL, prepaid CBL, or small-parcel shipment, the freight forwarder should request the shipper to provide proof of delivery.

(b) If the shipment was on a CCBL, the freight forwarder should request the data needed to file a tracer or claim with the carrier.

(3) If the freight forwarder has not received advance copies of the release documents, USASAC should be contacted for assistance.

(4) If the customer has received MILSTRIP or MILSTAMP status indicating that materiel being shipped to final destination by the U.S. Government (DTC 6, 7, or 9) has been shipped, and the materiel is not received within a reasonable period of time, USASAC should be contacted for assistance.

c. The following procedures apply to nonreceipt and shipments received with losses or damages:

(1) The customer should ensure that the freight forwarder can place claims for loss of or damage to FMS materiel while in the custody of the carrier and shipped on CCBL, and that credit is given for any amount recovered. The customer should send SF 364, Report of Discrepancy, covering shortages or nonreceipt, to the freight forwarder for review and response before it is forwarded to USASAC-NCAD.

(2) If the materiel is delivered to the freight forwarder by prepaid transportation, such as GBL, CBL, or small-parcel shipment, and the materiel is lost or damaged, the freight forwarder should coordinate with the shipping activity or USASAC to initiate a tracer or claim with the carrier.

(3) If the requisition is coded for delivery by the U.S. Government (DTC 6, 7, or 9), and shortages or damages occur, the customer should coordinate with the U.S. in-country representative and request submission of SF 361, Transportation Discrepancy Report.

If damages, shortages, or incorrect items are discovered upon opening the container, the customer should submit an SF 364 to USASAC.

16-18. Forwarding agent

The customer has sole responsibility for contracting the services of an international freight forwarder to receive, process, transship, and perform other FMS materiel handling functions. Freight forwarding is not a responsibility of the United States.

16-19. Carrier selection requirements and waivers

a. The Cargo Preference Act of 1954 requires U.S.-flag vessels to transport at least 50 percent of any cargo that has been procured with U.S. funds, regardless of amount. This applies to all materiel that has been acquired wholly or partially with advances, loans, or guarantees made to the purchaser by or on behalf of the United States. It also allows up to 50 percent to be shipped on the national carrier of the purchasing country, if a waiver is requested and granted.

b. If no U.S.-flag vessel is available, a waiver may be requested from the U.S. Maritime Administration to permit a specific exemption. Case preparers must ensure that FMS cargo financed with U.S. Government funds meets ocean carrier requirements. FAR clause 52-247-64, Alternate I applies.

c. If a customer requests to use other than U.S.-flag vessels for the cash portion of the case, the line or lines involving foreign military financing should be deleted by a DD Form 1513-2, and included in a new case.

d. Criteria and procedures for waiving the requirement to transport FMS materiel on U.S.-flag vessels are provided in DOD 5105.38-M, section 903.

Section II

Grant Aid Shipments

16-20. Shipment policy

a. Grant Aid materiel is shipped by the most economical satisfactory means available. Normally, this is nonpremium transportation. Transportation costs are charged to the recipient country program.

b. Materiel must be labeled, marked, documented, and shipped in accordance with MILSTD 129; DOD 4500.32-R; AR 55-355; and AR 725-50, chapter 11.

c. Transportation of reparable items from the recipient country to the repairing activity is normally at the expense of the recipient country.

d. Instructions for processing consolidated shipments are provided by USASAC.

e. All Grant Aid materiel must be properly preserved, packaged, and packed for shipment per AR 700-15. The same protection should be provided for subsequent storage and distribution in the recipient country. Supplying agencies will follow SAO recommendations in determining the appropriate levels of protection for each commodity and locality.

f. Handling and loading of Grant Aid cargo should agree with DA standards of serviceability and appearance. Deck loading is permitted only when warranted by the urgency of need, and as approved by USASAC.

g. Grant Aid materiel may be shipped by registered or certified mail through the Military Postal Service, subject to size and weight limitations, and other USPS regulations, as authorized by AR 340-3. International mail should not be used. If Military Postal Service facilities are not available, shipments must be moved as freight through DOD military transportation, as prescribed in DOD 4500.32-R.

16-21. Use of U.S.-flag carriers

a. Grant Aid materiel, including reparable items, is normally transported on U.S.-flag vessels, when available. If U.S.-flag carriers are not available, the Military Transportation Management Command (MTMC) or the Military Sealift Command may procure foreign-flag vessels, as needed.

b. When air transportation is specified, U.S.-flag aircraft must be used unless unavailable, or available aircraft are not capable of satisfying the requirement.

16-22. Special handling requirements

a. Sensitive items are defined and must be shipped as required by DOD 5100.76-M.

b. Ammunition, explosives, and other hazardous articles must be packaged, labeled, marked, documented, and shipped according to the Code of Federal Regulations, Title 49. Selection of ports is limited to those designated by the U.S. Coast Guard as being suitable for ammunition shipments.

c. Shipping requirements for classified materiel are governed by AR 380-5 and DOD 5200.1-R.

16-23. Discharge at destination

a. The recipient country is responsible for the cost of discharging cargo and all related expenses at the destination.

b. Where U.S. military terminal units or support activities support U.S. military forces in areas that receive Grant Aid materiel, the SAO may designate those units to deliver to the recipient country, with the concurrence of the U.S. unit commander.

c. In the absence of U.S. military terminal units or support activities, the SAO will amend all agreements and programs to ensure that title to materiel is transferred in CONUS. This ensures that transportation beyond CONUS is the responsibility of the recipient country. The recipient must also arrange for reception of cargo, checking of materiel against the manifest and other shipping documents, and ensuring proper discharge.

d. The Discrepancy in Shipment Cargo Outturn Reporting System is used to report overages, shortages, apparent pilferage, and damages that occur while the cargo is in custody of the commercial or DOD military transportation carrier. The recipient country is responsible for outturn functions, which include the Cargo Outturn Message, Cargo Outturn Reconciliation, and Cargo Outturn Report, as prescribed in DOD 4500.32-R.

16-24. Allocation of transportation costs

a. Costs of transportation and related activities are chargeable to budget project category LOO.

b. Grant Aid funds finance the following functions:

(1) Packing, crating, and handling costs incurred at the U.S. source. This includes CONUS transportation costs, loading costs at the U.S. port of embarkation, and overocean transportation costs.

(2) Costs associated with redistribution of materiel between countries, and return of excess materiel to U.S. possession. This includes transportation costs to the United States or U.S. storage facility, and unloading costs.

c. The following costs will be borne by the recipient government, unless specifically exempted by the Secretary of Defense:

(1) Cost of unloading Grant Aid materiel at the port of debarkation.

(2) Overseas inland transportation costs for materiel destined for landlocked countries.

(3) All fees and charges incident to entry of the materiel into the recipient country. This includes pilotage, lighterage, towboard, and harbor fees, and all taxes.

(4) Demurrage and storage charges incurred at foreign facilities.

d. In no case will Grant Aid funds bear any cost or expense incurred by the recipient government. This includes transportation costs incurred by or for vessels, aircraft, or vehicles.

e. The cost of positioning materiel in anticipation of support to Grant Aid customers is chargeable to Grant Aid funds.

f. Grant Aid funds are used to pay any accessorial costs incurred as a result of providing materiel from a foreign source when delivery and procurement are in the same country.

16-25. Transfer of title

a. Transfer of title for Grant Aid materiel constitutes transfer of custody. It does not, however, transfer ownership of Army materiel

to the recipient country. The U.S. Government retains residual rights to Grant Aid materiel furnished to recipient countries and may exercise these rights.

b. To ensure that authorized agents of the recipient country acknowledge acceptance of title for their government, the SAO will have the agents sign one copy of the ocean manifest or shipping document following the last entry. The SAO will retain the signed copies as official records until disposition requirements prescribed in the AR 340 series have elapsed.

c. Title to materiel transported on ships provided by the U.S. Government passes to the recipient government when the materiel is accepted by that government, and occurs no later than the time the materiel is delivered at the end of ship's tackle at the port of discharge. When equipment and materiel are destined for a landlocked country, title passes upon acceptance of the materiel by an agent of that country at the port of discharge.

d. Title to materiel shipped by aircraft provided by the U.S. Government passes to the recipient government when materiel is accepted by an agent of the recipient government at the port of discharge.

e. Title to materiel shipped by mail or parcel post passes to the recipient government when materiel is accepted by an agent of the recipient government.

f. Title to materiel shipped from U.S. sources on ships provided by the recipient government passes to that government when delivery is accepted by its designated agent. In no case will this be later than the time at which the materiel is delivered on board the vessel at the port of embarkation.

(1) Delivery of materiel accepted at a U.S. supply source by an agent of the recipient government may be intended for shipment by an inland carrier. Title then passes to the recipient country upon acceptance of the materiel by the agent of the recipient government at the point of inland origin. This does not include explosives and other dangerous articles, excluding small arms ammunition.

(2) Because of safety factors requiring special handling, title to explosives and other dangerous articles shipped from a U.S. supply source vendor does not pass to the recipient government until the items are stowed on board a ship provided by the recipient government. Loading must take place at a DOD facility in a U.S. port, or free alongside the ship when loaded at anchorage. This excludes small arms ammunition. However, other arrangements may be specifically authorized by DA.

g. Title to equipment and materiel shipped from foreign sources on ships provided by the recipient government passes to that government when delivery is accepted by its designated agent. In no case would this occur later than the time the materiel is delivered at a port of embarkation on board a vessel provided by that government. If materiel is accepted at a foreign supply source by an agency of the recipient government for shipment in a carrier other than a ship provided by the recipient government, title passes upon acceptance by the agent of the recipient government.

h. Title to equipment that is moved under its own power passes to the recipient government when the equipment is accepted by an agent of that government.

i. In all cases in which transfer of title and custody occurs outside CONUS, representatives of the United States and the recipient country must jointly inspect the materiel at the time of delivery.

j. No transfer of title of dunnage, lashing gear, or other cargo security materiel is furnished in connection with Grant Aid shipments. When it is uneconomical to retain custody or control of such materiel for future use, disposal action will be taken in accordance with the applicable property disposal procedures.

k. Title to Grant Aid materiel reverts to the United States when released by a recipient country and accepted by the SAO or other U.S. official. Acceptance is established by receipted documents.

Chapter 17

Foreign Military Sales Case Closeout Program

17-1. General

This chapter provides guidance and policy for maintaining a visible annual FMS case closeout program.

17-2. Objectives

- a. Establish a case closeout program (CCOP) to manage and direct case closeout actions.
- b. Provide for an accurate final accounting of each FMS case.
- c. Measure the overall responsiveness of case closeout actions.
- d. Close cases as soon as all deliveries have been made and final billings are complete, or when the DOD Reconciliation and Case Closure Board (CCB) authorizes closure because of extraordinary conditions.
- e. Reduce the quantity of data included in security assistance data bases.

17-3. Functions

- a. USASAC is the case closeout monitor and will—
 - (1) Develop the CCOP, coordinate with the performing activities, and obtain approval from the Commander, USASAC.
 - (2) Supervise the execution of CCOP activities.
 - (3) Establish necessary data bases and computer files.
 - (4) Develop and distribute CCOP management information to performing commands, agencies, and activities to keep the program current.
 - (5) Receive and review all line and case closure certificates. Forward final case closure certificates to SAAC when all lines are certified as logistically and financially complete by the USASAC CCM.
 - (6) Conduct the annual case closure conference.
- b. Central case management directorates at USASAC-O will—
 - (1) Prepare and provide case review sheets to performing activities.
 - (2) Perform case audits to ensure that all items and services are delivered, performed, and billed.
 - (3) Prepare case closure certificates in the format shown in DOD 7290.3-M, table 503-1, for cases qualifying for closure, and submit them to the case closeout monitor.
- c. Performing commands, agencies, and activities will—
 - (1) Implement the program within all appropriate organizational elements.
 - (2) Review assigned cases or lines to ensure that applicable costs are reported to the SAAC, known discrepancies are resolved, and appropriations are reimbursed. At a minimum, reviews should coordinate all functional areas including, but not limited to, supply, procurement, resource management, transportation, and quality assurance.
 - (3) Verify that all services have been performed.
 - (4) Resolve billing problems or Reports of Discrepancy (RODs) before certification.
 - (5) Review the open requisitions listing, case closeout summary review sheets, and quarterly certificate status report to ensure that action is taken, if required.
 - (6) Provide closure certificates for applicable cases or lines to USASAC (AMSAC-OL (CCOP)).
 - (7) Prepare DD Forms 1513-1 or 1513-2 for all cases that will not be logistically complete by the established commitment date.

17-4. Management

- a. The CCOP candidate list will be developed about 5 months before the program year begins, and will include cases and lines that could be closed during the program year. Candidate cases will be determined on a calendar year basis. The CCOP monitor will review the candidate list and distribute it to the performing command, agency, or activity.
- b. Each performing activity will review its list to determine if

open actions can be completed and brought to closure in the established timeframes. If closure cannot be completed, a request for exemption may be submitted. The reviewed list, with additions and deletions, will be returned to the USASAC case closeout monitor.

c. The USASAC case closeout monitor will review the initial lists returned from the performing commands and activities and develop the command actions listing, which identifies MSC actions on cases scheduled for closure. The final candidate list will then be sent to the Commander, USASAC, for approval.

d. The approved CCOP will be distributed to the performing activities no later than 1 February of the program year.

17-5. Procedures

a. Case closeout includes completing the delivery of all materiel, services, or training, billing for materiel delivered or services performed, liquidating all obligations, and resolving all RODs.

b. Cases that are part of supporting contracts with a period of performance of 4 years or more may be closed and reclassified as inactive by SAAC before the contracts are completed, provided the contracting officer agrees that no additional costs can be identified, or if any one of the following criteria has been met:

(1) The only remaining financial issue is establishment of final indirect cost rates.

(2) Final unit prices billed include all actual payments and required add-on amounts to ensure full cost recoupment.

(3) Final unit prices billed as actual costs on the DD-COMP(M) 1517 reports include the approved indirect cost rates. Also, where appropriate, previously billed estimated costs have been credited.

c. If an item furnished from inventory is to be replaced, and the actual replacement procurement cost is not known, the final billing will be assessed using the best pricing information available. This can be accomplished once the item is dropped from inventory. The final billing will be the final cost to the purchaser, regardless of the actual final replacement cost.

d. Although final billings will be adjusted to fully recover costs, the final statement will not be adjusted upward or downward, except to correct the following:

(1) Mathematical errors, unauthorized deviations, or computer errors that affect unit prices.

(2) Errors based on RODs submitted by the purchaser, according to terms and conditions of DD Form 1513.

(3) Failure to submit bills for materiel delivered or services rendered.

(4) Discovery by the United States that the final price paid to a U.S. contractor for an item provided under authority of the Arms Export Control Act, section 22, is different from the final amount billed. The reopening of the case and the resulting billing adjustment must be supported by a copy of the contract and the payment record. These documents will be retained in the files of the billing activity and sent to the purchaser, if requested.

e. If changes or credits apply to a closed case, a DD-COMP(M) 1517 report will be processed against the closed case.

f. Case records will be reopened by USASAC and reclassified as active by SAAC to process customer changes, other than minor reconciliations. A new case closure certificate will be provided after the required reconciliations are completed.

17-6. Minor discrepancies

Variations between USASAC and SAAC case records of less than 1 percent of the net case value, up to a maximum of \$10,000, are considered minor discrepancies. If USASAC and SAAC case records differ within these limits, and all appropriate measures have been taken to reconcile the differences, SAAC will reclassify the case as inactive. A final statement of account will be provided to the FMS customer for the SAAC-recorded value.

17-7. Final case closure

Upon receipt of all documentation from performing commands, USASAC-O will send final statements to SAAC when—

a. All deliveries or services have been completed and reported to SAAC.

b. Final unit prices billed represent all actual payments and required add-on amounts to ensure full reimbursement to the financing DOD account. The total value of materiel and services delivered will be included on the certificate. Add-on costs, other than contract administration surcharges, will be excluded. SAAC will compute add-on costs, such as administrative and accessorial surcharges.

c. All known discrepancies have been resolved.

d. The case has been reconciled.

17-8. Unreconciled cases

An FMS case closure analysis will be prepared, as shown in DOD 7290.3-M, table 503.2, for cases with unreconciled differences that exceed the limit noted in paragraph 17-4. The analysis will document efforts to reconcile differences and will be sent, along with DD Form 1513, and amendments or modifications, to DSAA, for review and final disposition by the DOD FMth DD Form 1513, and amendments or modifications, to DSAA, for review and final disposition by the DOD FMS Reconciliation and Case Closure Board.

Chapter 18 Logistical Support and Materiel Requirements Surveys

18-1. General

This chapter establishes policy, assigns responsibilities, and prescribes procedures to ensure responsive logistical support of major items and weapon systems furnished through the FMS program.

18-2. Logistical support

a. Logistical support, as discussed in this chapter, relates to the Total Package Approach (TPA) concept described in chapter 6, which provides for complete support of U.S. major items and weapon systems that are newly introduced into a customer country. It involves providing common and peculiar repair parts, components, special tools, test equipment, supplies, publications, and other materiel as follow-on support during the period the customer expects to maintain the system or equipment in its inventory. Ammunition requirements, where appropriate, are also included. Additional elements include—

(1) Maintenance, transportation, materiel-handling equipment, technical assistance, training, maintenance floats, warhead support, technical documents, and storage.

(2) Maintenance of war reserve stocks, when such services are being provided by the U.S. Government as a result of established agreements.

b. Projected supportability is documented on DA Form 4372-R, Security Assistance Supportability Statement, and DA Form 4372-1-R, Supplemental Data Sheet—Security Assistance Supportability Statement. DA Form 4372-R and DA Form 4372-1-R will be locally reproduced on 8½" by 11" paper. Copies for local reproduction purposes are located at the back of this regulation.

c. To ensure that sufficient support is provided, the following objectives must be met:

(1) Prepare detailed plans to provide logistical support for equipment obtained by each customer country and international organization. This applies to all items in active inventories.

(2) Provide supportability data to help the customer countries plan for continued support as well as phased replacement of major items and weapon systems.

(3) Identify those items in the U.S. Army logistics system for which support will be discontinued and initiate termination notices as early as possible.

(4) Review DA Forms 4372-R and 4372-1-R as part of the TPA process prior to FMS case approval.

d. USASAC-approved logistical support must be established to provide the most effective support to FMS customer countries.

e. Support of items that are common to the U.S. Army and customer countries will normally be provided through the U.S.

Army logistics system. The level and scope of support will be the same as that provided to the U.S. Army, unless the customer country makes other arrangements.

f. An item that is not logistically supportable will not normally be offered, unless approved by HQDA. In such cases, the offer will clearly state that the customer country will be responsible for the support of the item, and no U.S. support may be expected.

g. Logistical support data will be maintained for each major item and weapon system authorized for sale to customer countries.

h. The U.S. Army will not normally provide logistical support under the following circumstances:

(1) When a country has previously obtained an SSBO.

(2) When a country has been offered an SSBO and has not accepted the offer.

(3) When a country has purchased equipment with the clear understanding that it will not be supported by the United States.

(4) When a country has become ineligible for support from the United States.

(5) When it is no longer in the best interests of the United States. This includes instances where continued support of an item has become too costly, or imposes difficulties on the U.S. Army logistics system, and the United States is satisfied that adequate support can be obtained from other sources.

(6) When a system requiring support has not been obtained from the U.S. Government. However, support consideration will be given in cases where the customer obtained U.S. equipment through approved third-country sales. The customer must inform USASAC of such acquisitions. Support will be considered on a case-by-case basis.

(7) When support has been contracted from industry, unless the equipment configuration is identical to that of the U.S. Army.

i. Major items and weapon systems that are held only by one country will be advised to obtain logistical support from U.S. industry, when possible.

j. The United States will continue to provide logistical support for nuclear surety and safety requirements. HQDA will resolve the level and method of support on a system-by-system basis.

18-3. System support buyouts

a. An SSBO is the total requirement for repair parts, components, assemblies, special tools, test equipment, publications, and supplies needed for continued support of major end items or weapon systems scheduled for termination during the period the country expects to maintain them in its inventory.

b. Affected countries will be notified by DA Form 4372-R or electronic message at least 2 years in advance, whenever possible, that the U.S. Army will no longer be able to support a major item or weapon system, and offered an option to request an SSBO LOA.

c. At the time an SSBO LOA is prepared, all interchangeable common and peculiar items will be included in the repair parts listing. Peculiar items are those that are being phased out of the logistics systems of the U.S. Army, other Services, DLA, and GSA. Data for peculiar repair parts will be obtained and forwarded to customer countries for planning purposes.

d. Sourcing costs will be prorated among all SSBO participants, and will normally be included in the unit price.

e. The MSC with logistics management responsibility will prepare the LOA. It will include logistical support specified by the customer for the end item and related support equipment.

f. DLA and GSA items, if applicable, will use the standard price for FMS deliveries, plus the applicable inflation rate as determined by OASD (Comptroller). The LOA will include a note that all customer requisitions will be consolidated and released on the date specified in DA Form 4372-1-R, Security Assistance Supportability Statement—Supplemental Data Sheet.

g. SSBO requisitions for secondary items and repair parts will contain requisition serial numbers in card columns 40-43 in the F001 and F799 series; card column 44 will specify "N," for non-recurring. Requisitions will also contain a project code, if applicable, in card columns 57-59, and advice code "2L," for abnormal demands, in card columns 65-66. One-time requisitions for items

from diminishing manufacturing sources must contain requisition serial numbers F001 through F799 in card columns 40–43 and project code DMS in card columns 57–59.

h. SSBO requisitions for secondary items will be billed in accordance with pricing policies for nonexcess materiel. Efforts to classify materiel as excess will not be initiated until all SSBO deliveries are completed and all other existing requirements have been satisfied by the U.S. Army. Exceptions will be considered on a case-by-case basis.

i. When modification or replacement of a component or assembly is planned, user countries will be advised and offered the choice of modifying or replacing in the same manner or requesting an SSBO. Major items materiel excess (MIMEX) offers for major items in long supply or excess status are exceptions, and will normally be offered without support. When a conversion to the existing system for a major modification is planned, the applicable MSC will set a reasonable timeframe for the modification or conversion to be applied. This will eliminate additional work and parts and a consequent increase in the cost of parts.

j. A final buy of a specific repair part, component, or assembly normally results from a manufacturer going out of business or closing a production line. Although the weapon system remains supportable, manufacturing resources for specific support items are diminishing. Under these circumstances, the customer normally has limited time in which to participate in the final procurement.

18-4. Functions

a. USASAC will—

(1) Receive information copies of SAO reports regarding logistical support problems.

(2) Receive directives from HQDA and Direct Supply Support Activities relating to logistical support problems.

(3) Receive recommendations from USASAC-O and coordinate with higher headquarters, as appropriate, to enable final resolutions.

(4) Task the weapon system manager or MSC to prepare a system support buyout (SSBO) LOA when requested by a country or international organization.

(5) Ensure regulatory compliance.

(6) Ensure that plans are developed to provide logistical support to countries and international organizations.

b. USASAC-O will—

(1) Review DA Forms 4372-R and 4372-1-R.

(2) Direct and manage the preparation, review, and issue of logistical support data. Ensure that adequate support data are issued promptly per established policies and procedures.

(3) Maintain a data base to assess country capabilities to operate, maintain, and sustain end items and weapon systems. Files will reflect end items and systems, and quantities delivered to each country.

(4) Review LOAs for the sale of major items or weapon systems to ensure that they reflect the most current logistical support data. If the reviews reveal conflicts in data, coordinate with the MSC preparing the case to determine correct data and provide it to USASAC.

(5) Recommend planned termination of support for weapon systems and major items, including support provided through CLSSAs. Using information provided by weapon system managers, USASAC-O will identify weapon systems to be phased out and offer lists of support items available through SSBO procedures. The country may then place final orders for spare parts in sufficient types and quantities to support the equipment for its intended period of use.

(6) Propose a one-time system buyout of individual components and repair parts when the customer is given less than 24 months notice of termination. Blanket order or CLSSA cases should be used when possible. This allows the buyer to take advantage of one-time buys for individual items for which there are diminishing manufacturing sources and permits final procurement on short notice.

(7) Establish and maintain contact with the supplying command,

agency, or activity to determine short-range and long-range plans for continued production of major items, components, and repair parts.

(8) In coordination with the applicable MSC, evaluate potential support problems reported by U.S. representatives in foreign countries and provide recommendations to USASAC.

(9) Establish controls to identify and reject demands for items that are no longer logistically supported by the United States.

(10) Review LOAs to ensure that termination data are compatible with data reflected on the current DA Form 4372-R; send corrections to USASAC.

c. The SAO will—

(1) Review DA Form 4372-R and coordinate, as appropriate, with country representatives.

(2) Refer support problems to USASAC-O (AMSAC-OL). Details and justification for any recommendations will be included. Also provide information copies to the affected unified command and USASAC.

(3) Assist country participation in SSBOs planned by the U.S. Army, if required.

(4) Determine country plans for replacement of major items and systems in its inventory. Information requirements include data on the expected use of peculiar repair parts and the estimated life expectancy of major end items or systems.

d. The weapon systems manager or MSC will—

(1) Prepare DA Form 4372-R and DA Form 4372-1-R, in accordance with instructions provided in paragraphs 18-6 and 18-7, and forward it to USASAC (AMSAC-OL). Coordinate preparation with other commands, agencies, and activities, as required.

(2) Review support provided for each major item and weapon system at least annually. Prepare and submit revised DA Forms 4372-R and 4372-1-R to USASAC-O when reviews show any change in major item or weapon system status since the previous submission.

(3) Maintain liaison with industry to keep abreast of production plans and enable early identification of items that should be included in SSBOs due to planned production phase-outs.

(4) Coordinate with project managers on the status of project-managed items and systems, as required.

(5) Ensure that all LOAs include the period of support indicated on DA Form 4372-R.

(6) Include a listing of all applicable common and peculiar parts that reflect an SSBO position on the DA Form 4372-R.

(7) When directed by USASAC, prepare an SSBO LOA for any managed major end item or weapon system for which logistical support is being terminated.

18-5. Procedures

a. To issue or replace a U.S. weapon system or major item used by a customer country, the managing MSC will prepare DA Form 4372-R as specified in paragraph 18-6, and DA Form 4372-1-R, as specified in paragraph 18-7. Both will be forwarded to USASAC (AMSAC-OL), but DA Form 4372-1-R will be retained and used for internal Army purposes.

b. The MSC will review support for each weapon system or major item at least annually. Each review will include the following considerations:

(1) Worldwide quantities of the end item or system, by country.

(2) Projected availability of ammunition.

(3) Status of the item or replacement item in the current and projected U.S. Army inventory. Support may continue if sources of repair parts, components, and assemblies remain available and depot stocks are sufficient to provide continued support. MSCs will submit case-by-case evaluations to USASAC (AMSAC-OL) for approval.

(4) Commonality of repair parts and components with items currently in the U.S. Army inventory.

(5) Planned or programmed life of the major items or weapon systems in the country inventory.

(6) Age of the item or weapon system, by country.

(7) Replacement plans.

(8) Potential sources of support, other than the U.S. Army logistics system.

(9) Cost of the support program.

(10) Modernization or modification into a configuration that is feasible and economically supportable.

c. Results of the annual review will determine whether to change or continue support. The MSC will submit any changes or recommendations to terminate support to USASAC (AMSAC-OL).

d. USASAC-O will provide a printout of annual country user data, as shown in figure 18-1, to countries holding major end items or weapon systems, to assist in planning for continued support or replacement. Information copies will be sent to other appropriate activities.

e. The customer country will be advised to obtain logistical support from U.S. industry for those major items and weapon systems acquired from commercial sources that are not included in U.S. Government inventories. Normally, logistical support of commercial items will be arranged between a country and the commercial source. If the U.S. Army agrees to provide nonstandard commercial items through its logistics channels, the following options will be considered:

(1) Program or purchase, as concurrent spare parts, a sufficient range and quantity of repair parts and components to support the major end item for its expected service life.

(2) Program or purchase acceptable quantities of concurrent spare parts, as determined by the foreign government, with the understanding that it will arrange future follow-on support with commercial sources.

f. Under either option, U.S. Army support will end upon delivery of the agreed-upon level of concurrent spare parts.

g. Publications are initially offered as a line on FMS cases prepared for major end items. The customer will be advised to establish a "T" case to ensure continuous updating.

h. Weapon systems managers will review support data to determine if other command-managed items are included in the system. Any such items will be identified in the remarks block of DA Form 4372-R and submitted to USASAC (AMSAC-OL) for review; an information copy will be provided to appropriate commands. MSCs that manage major components will submit support data, as required.

i. DA Form 4372-R will indicate that support will be furnished during the stated period, if the country maintains the system configuration according to U.S. standards. Components and end items to be replaced or modified will be noted in the remarks block, along with the projected date for ending support.

j. As a general rule, customer countries are encouraged to incorporate changes or replacements planned by the U.S. Army. If the countries elect an SSBO instead, U.S. Army logistical support for components that are bought out will end.

18-6. Guidance for preparing DA Form 4372-R

Specific preparation instructions are provided in table 18-1. Scope and content of the information provided are subject to the following guidelines:

Table 18-1
Instructions for completing DA Form 4372-R

Item	Instructions
1	Enter the short title of the preparing command (for example, AMCCOM, TACOM).
2	Enter the date of preparation.
3	Enter the applicable NSN.
4	Describe the major item or weapon system. Include model number.
5	Describe the appropriate type classification.
6	Not applicable.
7	Self-explanatory.
8	Self-explanatory. Place an "X" in the applicable blocks.
9	Self-explanatory. If not previously furnished, ensure that an up-to-date supportability statement for the replacement item is also completed and forwarded to USASAC (AMSAC-OL).

Table 18-1
Instructions for completing DA Form 4372-R—Continued

Item	Instructions
10	Enter additional data as required. Include field manuals and technical manuals peculiar to the end item and a note that applicable publications should be requisitioned either under an existing FMS publications case or by sending a letter or request to USASAC, Alexandria, VA 22333-0001.

a. Provide sufficient data, including options, as part of the statement of support. This will assist customer countries in planning for support or replacement of an item.

b. Avoid using nonavailability of a component or assembly as the sole factor in a decision to end support. If parts will be available for repair and maintenance, and other components of the major end item can be supported for more than 2 years, logistical support should be continued.

c. Show the period of time for which major end items can continue to be supported. Indicate if any replacement components or repair parts will not be available during the support period. Describe plans to replace components and major assemblies. Include an offer permitting eligible countries to elect an SSBO of components and repair parts that may continue to be provided through the Army logistics system. Provide details, such as the timetable and funding requirement for the SSBO, on DA Form 4372-1-R.

d. For major items or weapon systems used solely by security assistance countries—

(1) Consider transferring logistical support to commercial sources. In making this determination, consider factors such as combat essentials, nuclear surety, worldwide quantities, future availability of support items, and available commercial sources.

(2) State that the U.S. Army will provide support for a specified period. Allow at least 24 months for the foreign government to request an SSBO or to arrange follow-on support from commercial sources.

e. At a minimum, include national stock numbers (NSNs), nomenclatures, units of issue, end article application data, and estimated unit prices in SSBO listings.

18-7. Guidance for preparing DA Form 4372-1-R

Specific instructions for preparing DA Form 4372-1-R are provided in table 18-2.

Table 18-2
Instructions for completing DA Form 4372-1-R

Item	Instructions
1	Enter short title of the preparing command (for example, AMCCOM, TACOM).
2	Enter date of preparation.
3	Enter the applicable NSN.
4	Self-explanatory.
5	Self-explanatory.
6	Enter the names of the foreign governments and the total quantities issued to date. When this form is submitted with an SSBO offer, indicate customers not eligible to participate with an asterisk.

18-8. Submission procedures

a. MSCs will submit originals of DA Form 4372-R and DA Form 4372-1-R to USASAC (AMSAC-OL) when—

(1) A major item or weapon system is authorized for sale or issue to a foreign government for the first time.

(2) A replacement for a major item or weapon system, currently in use by a foreign government, is authorized for sale or issue.

b. Revised supportability statements will be sent to USASAC-O

(AMSAC-OL) as required. However, revisions are not required solely because of country and quantity changes.

18-9. Materiel requirements surveys

a. Materiel requirements surveys should be conducted as needed to assist the planning efforts of foreign purchasers. Data gathered from surveys provide both the foreign purchaser and SAO with management information needed for advance planning. Surveys may be considered when—

- (1) There is an indication that the DOD capability to support future foreign logistical requirements is limited.
- (2) U.S. production for the item is scheduled to end in the near future.
- (3) The United States makes periodic buys of items known to have foreign demand.
- (4) A minimum procurement quantity is required for items known to have foreign demand.
- (5) There is a need to exercise contract add-on options.

b. Surveys will be sent only to those countries that have previously indicated an interest in acquiring an item, weapon system, or comparable foreign or commercial product. Indications of

interest include prior purchases, prior requests for P&A data, an LOA for which data have already been released or approved for release, or purchase of weapon systems that use the item.

c. The countries addressed in the survey will be eligible to purchase the item or weapon system under national disclosure policy.

d. MSCs will forward the proposed survey message, including the regional directorate USASAC (AMSAC-MP-P) as an addressee. USASAC will forward the proposed message through HQDA (DALO-SAA) to DSAA for final approval. On approval, the message will be returned to USASAC for dispatch. The message will include rationale for issuing the survey, and—

- (1) Provide information on future DOD capabilities to meet purchaser requirements.
- (2) Identify actions the customer must take in order to purchase the item.
- (3) Provide P&A data. It should be pointed out in the message that the P&A data included in the survey does not constitute a commitment or an offer to sell on the part of the U.S. Government. The statement in paragraph 2-4b must be included.
- (4) Identify the final date for receipt of an LOR, and the final date for acceptance of an LOA.

COUNTRY KU		ANNUAL COUNTRY USER REPORT										DATE 01/04/88		
NSN	NOMENCLATURE	MODEL NO	MGR SPT DT	EXCPN	PHASE OUT	ALT SPS	ADOL AMMO	ORAW	TOOL	TEXT	MANUAL			
2320005788942	CGO 1 1/4T 4X4 TRK	M680	AKZ	92368										
REP NSN	REP NOMENCLATURE	REL SPT DT	COML											
2320011236827	M100M TRK CGO 11/4T	92368	M											
REMARKS (TAMS) SEE BLOCK #100M STATEMENT														
FMS QTY		31	C/A QTY		0	SSA QTY		31	OTH QTY		0	TOTAL QTY		31

Figure 18-1. Sample annual country user data

SYSTEM SUPPORT BUYOUT (SSBO) SUPPLEMENTAL SUPPORTABILITY STATEMENT

NSN:

Nomenclature:

Project Code:

- 1. This system support buyout (SSBO) includes both peculiar and common repair parts for the major item described on this statement and, if applicable, identifies other logistical support items. Common repair parts that apply to this major item will continue to be supplied through normal channels; however, acquisition of support spares and peculiar parts is encouraged. Support for any common part can terminate at a future date without warning. A common part can become a peculiar part because of termination of a system application as quickly as 1 year after receipt of the buyout offer. The opportunity to take part in acquiring the peculiar repair parts shown on the enclosed document constitutes the final opportunity to obtain these items through the U.S. Army supply system. Support of these items will thereafter be discontinued by the U.S. Army.
- 2. The timetable for this program requires accomplishment of the following actions in the sequence given:

a. A parts listing that includes identification of peculiar parts is forwarded for review. Requirements should be determined based on recommended stockage cited on the parts list to support the major item for the life span of its intended usage. Indicate the quantity needed for

Figure 18-2. SSBO supplemental supportability statement—Continued

each line item in the right column of the parts list. If the item is not desired, enter a zero. The national stock number of a repair part may appear on more than one parts list when the major item series being phased out requires a parts list for each series. Requirements for identical parts appearing on more than one parts list should be consolidated in a single line. Return one copy of the annotated list not later than *(date)* but not before *(date)* and retain one annotated copy.

b. An affirmative or negative response to this offer should be sent no later than *(date)* to the Deputy for Operations, U.S. Army Security Assistance Command, ATTN: AMSAC-OL, 3rd Street & M Avenue, Bldg. 54, New Cumberland Army Depot, New Cumberland, PA 17070-5096 USA, with an information copy to *(command name)*. Failure to reply by the date indicated will be considered a negative response.

c. If the response is affirmative, a Letter of Offer and Acceptance will be prepared no later than *(date)* , and forwarded for acceptance. It must be returned by *(date)* .

d. Buyouts will be offered as standard defined-line cases unless the Letter of Request specifies an existing blanket order or supply support arrangement. Blanket order cases do not provide the controls required for the submission and processing of buyout requisitions; therefore, the use of blanket order should be restricted to those requests in which funding or other problems affect the use of a defined-line case. Foreign Military Sales Order II cases may be used instead of a Letter of Offer and Acceptance if the end item being phased out of the U.S. Army supply system is cited on an approved Foreign Military Sales Order I case and the unobligated balance of the current Foreign Military Sales Order II case has adequate funding at the time of requisitioning. Demand code "N" for nonrecurring demands must be cited in card column 44.

e. Requisitioning must be completed by *(date)* and all estimated delivery dates will be finalized by *(date)* . After *(date)* , the U.S. Army will reject all requisitions for peculiar parts unless availability exceeds the total requirements of all participants in the buyout. Requirements will be accepted until *(date)* , after which a commercial source or private supplier must become the direct source of supply. Available commercial sources, if available, are:

f. All requisitions will be submitted with serial numbers F001-799 in card columns 40-43, code "N" in card column 44, the project code cited above in card columns 57-59, if applicable, and advice code "2L" in card columns 65-66.

Figure 18-2. SSBO supplemental supportability statement

Chapter 19 Management Reviews

19-1. General

a. Management reviews are scheduled periodically between the U.S. Government and foreign customers. The scope may range from selected FMS or Grant Aid cases to total country programs. A security assistance review or FMS country management review includes the total country program and involves all FMS cases. A program management review is limited to a specific system, such as the M1 tank or infantry fighting vehicle. USASAC management reviews may take the form of briefing books or information papers that can be provided to the SAO if an in-country assistance visit is not possible.

b. Management reviews provide a customer country with a total program approach based on the desires of the participants, the size of the FMS or Grant Aid program, the political situation, and the specific needs of the customer country. Reviews consist of three phases: preparation, performance, and follow-on actions.

c. The decision to conduct a review rests with USASAC, based on the desires of the customer, the size of the FMS and Grant Aid programs, the severity of the problems experienced, and the sensitivity of the program. CPMs will query customer countries to confirm or reject the need for reviews.

d. The U.S. host organization that plans and conducts the review will be either USASAC or the in-country SAO, as mutually agreed.

e. Reviews will follow an agenda mutually agreed on by representatives of the host organization and the customer country. All responsible U.S. Government activities will coordinate before the review to ensure a unified position. At the discretion of USASAC, a U.S. Government prebriefing may be held in CONUS or in country.

f. Reviews will be conducted at a location agreed on by USASAC and the customer country.

g. Reviews will be tentatively scheduled by 1 May of each year

for the following fiscal year to allow accurate forecasting of workload and financial requirements, such as temporary duty travel.

19-2. Schedule of events

The schedule of events for each management review program should be structured as follows:

a. *Introduction.* Brief statement of the purpose of the review, introduction of participants, and any necessary administrative topics.

b. *Country summary.* Summary data are derived from USASAC reports and/or the USASAC data base.

c. *Comments.* The moderator should solicit any comments on material covered to this point. General discussion may follow.

d. *Agenda topics.* Responsibility for U.S. Government presentations or responses to agenda topics is normally determined by functional responsibilities. For example, questions relating to the Case Closeout Program (CCOP) would be addressed by USASAC (AMSAC-O); LOA processing and policy by the CPM; financial management by USASAC (AMSAC-R). Activities other than USASAC may address topics for which they have primary responsibility. For example, SAAC may address the status of FMS trust fund collections or related questions. At the conclusion of the presentation and discussion, the topic is closed, or a follow-on action is assigned to the responsible activity for resolution. The data sources shown in table 19-1 provide useful information.

e. *Preparation of minutes.* The official record of the review is prepared and accepted by the senior officials of both the U.S. Government and the customer country.

f. *Closing.* Senior U.S. Government and customer country officials make closing remarks.

19-3. Functions

a. The host organization will—

(1) Prepare the agenda in accordance with guidance provided in paragraph 19-3; include coordinated input from visiting organizations. In the case of joint Service reviews, the host Service will act as the host organization.

(2) Coordinate schedules. This includes consideration of such

factors as availability and location of facilities, and commitments of local participants.

(3) Provide necessary administrative support, such as meeting facilities, clerical services, lodging, and local transportation.

(4) Satisfy protocol requirements by ensuring that necessary courtesy calls are scheduled and local customs and social courtesies are observed.

(5) Consolidate and prepare the minutes; obtain coordination and signature before the close of the review.

b. The country program manager (CPM) will—

(1) Coordinate with USASAC (AMSAC–O), the customer country, and the SAO to establish a review date and location. If possible, the schedule should be established at least 90 days in advance.

(2) Solicit agenda topics from U.S. Government activities and the customer country. Normally, topics submitted by the customer country must be received by the CPM 30 days before the start of the review to allow adequate time for development of a thorough response or appropriate corrective action. The customer country should specify the type and extent of data required, and the level of detail desired in terms of program level, case level, documents, ROD status, or closure status. Establish appropriate suspense dates.

(3) Receive, review, and consolidate topics. Determine detail and data requirements and task responsible U.S. Government activities to provide responses or take required actions.

(4) Determine review team composition. Issue invitations to SAAC, MSCs, project managers, SAOs, and other sources of material or services. Request theater clearance for USASAC personnel if the review is held in the customer country. Other U.S. participants should request theater clearance and arrange travel through their parent commands or agencies.

(5) Receive, review, and consolidate U.S. Government responses and prepare a complete review document. The review should describe the topic or problem, give any background information, state actions to be taken, identify the responsible activity, and provide suspense dates.

(6) Prepare a formal presentation, including introduction and program summary analysis. Address policy and procedural matters, as appropriate. Data and charts or graphs to support presentations may be obtained from USASAC (AMSAC–O).

(7) Perform preparation, coordination, and support actions specified in paragraph 19–2*a* when requested by the host organization.

(8) Ensure coordination among all U.S. Government elements. Meetings of U.S. elements will be as necessary prior to the review to discuss topics in detail and prepare coordinated U.S. positions.

(9) Conduct the review. The designated U.S. Government team chief, the CPM will ensure that discussions are productive and U.S. Government responses are thorough and appropriate. U.S. Government presentations and responses on individual topics will be addressed by the appropriate functional element. The CCOP will be addressed jointly by SAAC and USASAC (AMSAC–O), if both participate.

(10) Assign and control follow-on actions until completion.

(11) Retain review records as necessary for historical purposes.

c. USASAC (AMSAC–O) will—

(1) Conduct the level of review specified in the agenda. At a minimum, provide the program management review sheets specified for each open case.

(2) Obtain the status of significant agenda items from supply and delivery agencies, as required.

(3) Prepare the status of open actions on Grant Aid record control numbers for applicable countries.

(4) When tasked by USASAC, identify areas where policy, procedures, or lack of guidance inhibit case management. Recommend these areas for inclusion in the review.

(5) In coordination with USASAC, establish a schedule for preparing required reports. The program management review sheets will be prepared not later than 30 days prior to the review. Dates will be based on forecasted country review dates. The schedule may also include preparation of reports for customers with no scheduled review.

(6) Prepare review documents, including significant actions on open or delayed requirements, and be prepared to brief actions to country representatives.

(7) Make available other country-peculiar data as determined necessary by the scope of the review.

(8) Provide personnel to the review team as necessary.

(9) Complete assigned follow-on actions.

d. USASAC (AMSAC–R) will—

(1) Provide the CPM and AMSAC–O with all necessary FMS and Grant Aid financial management support. This includes resolving problems in financial operations, procedures, or policy.

(2) Assist in developing Grant Aid financial data at the level of detail requested when made necessary by the scope of the review. Coordinate with AMSAC–O to ensure proper consolidation of all Grant Aid logistical and financial data. Financial data required may include the dollar value of obligations, paid bills, unliquidated obligations, to include open/unshipped value, shipped/unbilled value, bills in process, and funds potentially available for reprogramming.

(3) Prepare and provide information explaining pertinent financial policy and procedures, and actual or potential legislation, for inclusion in the agenda.

(4) Provide personnel to the review team as necessary.

e. The SAO will—

(1) Coordinate with the customer country, when requested by the CPM, to establish an acceptable date for the review.

(2) Assist in obtaining theater clearances for U.S. Government participants, if the review is held in the customer country.

(3) Provide personnel to the review team as necessary.

(4) Perform preparation, coordination, and support actions specified in paragraph 19–3*a* when serving as the host organization.

f. MSCs and supply agencies will—

(1) Submit topics and problems to be discussed at the review.

(2) Respond to or take action on topics for which they are responsible, as requested by the CPM.

(3) Furnish the status of open actions, as requested by AMSAC–O.

(4) Provide personnel to the review team as necessary.

(5) Respond to follow-on actions when requested.

19–4. Related reports

a. Reports at case, detail/requisition, and/or summary level will be prepared if requested in the agreed-on agenda. Data may be obtained from the program management review sheets, USASAC product number A9PR40. An example is shown in figure 19–1. The program management review sheets will be accepted as is unless obvious errors or compelling reasons require adjustments. The print-out is a single sheet for each case. The country case manager may also prepare a summary of selected data from the USASAC Information Center.

b. If a country requires a report before the start of a review, it will be distributed no later than 30 days in advance to allow sufficient time for in-country analysis. If no review will be held in a given year, the sheets may be prepared and furnished to the country for management purposes.

Table 19–1
SAAC data products ¹

Data product	Short title	Data source	Options for content synopsis and display	Use and benefits
Financial management.	Case financial management worksheet.	Automated	SAAC master file.	Main source document shows summary case total of ordered values, delivered values, and progress payments for case reconciliation purposes.
Delivery.	FMS detail delivery history search listing.	Automated	Automated extract from the SAAC delivery history file.	Provides detail backup to isolate out-of-balance conditions.
Delivery and billing.	Summarized feedback history data.	Automated	Cumulative FK reporting to SAAC.	Provides a source document to review deliveries.
Obligation authority.	2060–A FMS obligation authority (OA) issued.	Automated	Details 1513 value.	Isolates OA problem areas.
Financial status.	Financial status summary annex.	Automated	Listing of summarized position (at case level) of ordered values and columns 10, 11, 12, 13, and 14 from the DD 645 billing statement.	
Reports of discrepancy.	FMS RODs brought forward.	Automated	All RODs, aged from 1 to 9, 9-plus, and 24-plus months since first included on the military department's inventory.	Can be used for comparing the country and U.S. Army records.
Pending cases.	Holding account statements.	Manual	Prepared at the end of each calendar quarter.	Beneficial for reviewing closed case excess funds and their distribution, and funds being held for new cases or other disposition. Recommend at least the last four quarterly statements be used.
FMS case closure.	FMS case closure certificate inventory.	Automated	Extract listing of all FMS closure certificates.	
FMS case closed.	FMS closed case report.	Automated	Mechanized report extracted from the case financial management worksheet history file.	Used in conjunction with the holding account statements to provide the complete final closure value and fund distribution.
Case review.	FMS case 90 percent delivery complete.	Automated	Extract of the case financial management worksheet file depicting the date of last delivery, the total delivered cost, progress payments disbursed/undelivered, total ordered cost, and the percent delivered/ordered.	Used to compare to Army internal records and help determine corrective action necessary.

Notes:

¹ These data products are generally not for release to foreign countries, and no commitments regarding availability of SAAC data should be made to foreign customers without prior SAAC coordination.

COUNTRY IN REVIEW: DE

PROGRAM MANAGEMENT REVIEW

1. CASE: CBE IMPT 87335 EXPDT 84365 CASE INITIATOR: USASAC
 LAST AMD 020 88075 88366 SERVICE: ARMY
 MOD

2. CASE DESCRIPTION: WEAPONS REP PARTS/CMPNTS NBR LINES 001 CSP LINES

3. TOTAL PROGRAM VALUES

	CASE TOTAL	ADMIN/ACCESS	MATERIAL/SVC
BASIC	2,133,096.00	43,077.00	2,090,019.00
LAST AMD 20 OR MOD	952,158.00	43,077.00	909,081.00
PEND AMD OR MOD			

4. TOTAL BILLED VALUES AS OF: 88 04

	CASE TOTAL	ADMIN/ACCESS	MATERIAL/SVC
DD645 VALUE	43,077.00	43,077.00	
PROG PYMTS.	458,060.00		

5. PROJECTED CLOSURE DATE ON CCOP EST MAT CLOSURE VALUE

EST MAT VALUE BALANCE

6. CLOSURE INHIBITORS:

A. OPEN RONS.....	0	F. OPEN RONS.....	0
B. OPEN PSEUDO RONS....	13	G. EST BILLING.....	0
C. SHPD/UNBILLED RONS..	0	H. OPEN CONTRACT....	
D. ROR BILLING ADJ.....	0	I. CMD CERT.....	
E. WRNG CASE/LINE.....	0	J. OTHER.....	

Figure 19-1. Sample of program management review data

Chapter 20 Reports

20-1. Monthly report of closeout of MAP country-to-country agreements (RCS: DSAA(M) 1021)

a. This report reflects the status of all undelivered requisitions for MAP FY 79 through FY 81 country-to-country agreements. It shows the remaining undelivered value, uncommitted value, estimated ship date, estimated close date, and reason for nondelivery for each country, by fiscal year.

b. The report will be used to—

(1) Ensure that the MSCs have a readily available report highlighting areas that require management emphasis.

(2) Pinpoint problem areas requiring resolution by higher authority.

(3) Measure the progress made in closing out old programs.

c. The report will be sent to USASAC (AMSAC-MP-R) no later than 10 days after the end of the month. A copy will be furnished to USASAC (AMSAC-OL-P). USASAC-O will submit the report for DLA- and GSA-managed items.

d. The report will include the following data elements:

- (1) Month ending.
- (2) Date.

(3) Two-letter country code.

(4) Fiscal year.

(5) Record control number (RCN).

(6) Undelivered value of the RCN.

(7) Uncommitted value of the RCN.

(8) Estimated shipping date(s). (If more than one item remains to be delivered, give the latest shipment date.)

(9) Estimated close date (the earliest date that the RCN can be closed).

(10) Reason for nondelivery. (Include each undelivered item under the RCN, its estimated shipping date, and reasons for non-delivery to date.)

20-2. Security assistance surveys report (RCS: DSAA(Q) 1137)

a. The Arms Export Control Act, section 26(b), requires a listing of all security assistance surveys authorized during the preceding quarter, as part of the section 36(a) quarterly report. The term "security assistance survey" means any survey or study conducted in a foreign country by U.S. Government personnel for the purpose of assessing the needs of that country or international organization for security assistance, and includes defense requirement surveys, general surveys or studies, and engineering assessment surveys. The

surveys may be financed either by the United States or by the country through an FMS case.

b. The report will be submitted in the format shown in DOD 5105.38-M, table 600-1. It will be sent to USASAC (AMSAC-MP-R) no later than 15 days after the end of each quarter. USASAC (AMSAC-MP-R) will consolidate the report and forward it to DSAA-OPS (Management Division) no later than 30 days after the end of the quarter. USASAC must be notified if there is nothing to report.

20-3. Price and availability report (RCS: DSAA(Q) 1138)

a. The P&A report, required by the Arms Export Control Act, section 28, is forwarded quarterly to members of Congress and top-level Defense and State Department officials. It informs Congress of major potential FMS cases and assists Congress in carrying out its authority for oversight of arms transfers. All relevant information should be reported, regardless of its sensitivity. Releasability will be determined by DSAA, in conjunction with the State Department.

b. Part I of the report should list each P&A estimate provided to a foreign country during that quarter for a possible FMS MDE sale of \$7 million or more, or of any other defense articles or services of \$25 million or more.

c. Part II should list each request from a foreign country for an LOA that quarter if the proposed sale was not previously reported under part I, and the request involves a sale of MDE of \$7 million or more, or any other defense articles or services of \$25 million or more.

d. Part III A. should list each P&A estimate provided during the quarter to a foreign country for air-to-ground and ground-to-air missiles, or associated launchers, without regard to the value of the possible sale.

e. Part III B. should list each request received from a foreign country for an LOA during the quarter being reported for air-to-ground and ground-to-air missiles or associated launchers, without regard to the amount of the possible sale.

f. The report format is shown in DOD 5105.38-M, table E-1. The report will be sent to DSAA Comptroller, ATTN: DMD, no later than the 3rd day, or the last working day before the 3rd day, of the calendar month following the applicable quarter. USASAC (AMSAC-MP) will prepare the report. Reports will be classified CONFIDENTIAL.

20-4. Report of foreign military construction sales (RCS: DSAA(Q) 1145)

The Arms Export Control Act, section 36(a)(9), requires reporting of each foreign military construction sale made under section 29 during the quarter the report is made. The report should cover all sales of design and construction services to any foreign country or international organization. The information in DOD 5105.38-M, table E-3, should be included. The report will be sent through HQDA (DALO-SAA) to the DSAA Comptroller, ATTN: DMD, no later than 20 days after each calendar quarter.

20-5. Lease report (RCS: DSAA(Q) 1146)

a. This report will identify unexpired leases entered into previously under the authority of title 10, USC 2667, and chapter 6 of the Arms Export Control Act. The report will name the statutory guidance for the lease.

b. The report will be sent through HQDA (DALO-SAA) to DSAA-OPS, Management Division, by USASAC (AMSAC-MP-R). A copy will be provided to SAAC. The report will be sent no later than 30 days after the end of each quarter. The format is provided in DOD 5105.38-M, table 1200-11.

20-6. Status report of coproduction programs (RCS: DSAA(Q) 1226)

A semiannual update of the status of coproduction programs approved under security assistance procedures is required. USASAC (AMSAC-MI) will furnish the information required by DOD

5105.38-M, paragraph 140105F, to DSAA no later than 31 July and 31 January.

20-7. Special Defense Acquisition Fund inventory report (RCS: DSAA(M) 1228)

a. Defense items received from SDAF and taken into property accountability require monthly reporting to DSAA. Items may be either on loan to the U.S. Armed Forces or in SDAF inventory awaiting sale.

b. MSCs will provide monthly inventory reports to USASAC (AMSAC-MP-P) by the 5th day of each month. USASAC (AMSAC-MP-P) will consolidate the report and forward it through HQDA (DALO-SAA) to DSAA by the 10th day of each month.

c. Reports will include the following information for each MIPR:

(1) MIPR, MIPR line number, and subtitle number.

(2) Nomenclature.

(3) NSN.

(4) Date the first item entered inventory.

(5) Date last item was shipped from inventory.

(6) Quantity on hand at beginning of month.

(7) Quantity on hand at end of month.

(8) Received during month.

(9) Shipped out during month.

(10) Lead time, in days, required to prepare end items for shipment.

(11) Number on loan.

(12) Number awaiting FMS agreements.

(13) Dollar value of inventory.

d. Reports of spare parts or services require only summary data, as follows:

(1) MIPR, MIPR line number, and subtitle number.

(2) Nomenclature.

(3) Total number of items or types of services.

(4) Amount or percentage filled or completed.

(5) Dollar value of inventory.

20-8. Security Assistance Coproduction Projects status report (RCS: DD-DR & E(SA) 834)

a. This semiannual report provides the status of all existing and proposed compensatory coproduction projects and offset agreements. It will be covered and bound using index-weight paper. The title of the report, the preparing command, the date, and the RCS number will be printed on the cover sheet.

b. The report will include the following information:

(1) Foreword.

(2) Table of contents.

(3) *Section I—General.* Summary listings of all current coproduction projects and projects under consideration.

(4) *Section II—Active projects.* Country summary and status report for each project in the preproduction or production phase. It will contain the following:

(a) *Basic data* —description of project, project size, estimated expenditures in the United States, and agreements.

(b) Project management, United States and foreign.

(c) Planned production schedule and deliveries.

(d) Report of expenditures in the United States.

(e) Significant events and problems encountered and resolved during the reporting period.

(f) Anticipated future significant events and problems.

(g) Logistical support.

(5) *Section III — Projects under consideration.* Country summary and chronology of events for each project being considered. Provides the following information for each project or agreement that is expected to result in a government-to-government agreement:

(a) Events to date.

(b) Anticipated future significant events.

(6) *Section IV — Projects closed or in the closeout phase.* Country summary and historical report on closed projects and those completed except for financial and administrative closeout, such as—

(a) Summary of all projects.

(b) Summary of all projects by command, agency or activity, item, and country.

(c) Summary of active projects, by country.

(7) *Section V*—Distribution list.

20-9. Security assistance master planning and phasing schedules (RCS: CSCLD 173)

a. The primary purpose of the security assistance master planning and phasing (SAMPAP) schedules is to display all requirements for selected items, by customer, and to display the quantities that are to be delivered from production, by calendar quarter, to satisfy total requirements. The schedules show the potential uncommitted production capacity available to satisfy additional requirements. The MSC is responsible for preparing the schedules.

b. The schedule report is contained on CPT-8100T disks and is to be updated semiannually. The "as of" dates will be the last day of the 6 months covered; for example, 30 June for the period 1 January through 30 June. Entries for completed deliveries will be reflected once, then dropped in succeeding submissions.

c. MSCs will be provided disks containing updated material from the previous period. The disks are to be updated semiannually by the MSCs and furnished USASAC (AMSAC-MP-P), along with a hard copy of the material contained on the disk, to arrive at USASAC on or before the due date specified. Point of contact information in the lower right corner of the schedule will be completed by the MSC and changed by USASAC.

d. Instructions for completing the schedule are provided as follows:

(1) *Line 1—Item.* Spell out a brief nomenclature and model number that describes the item adequately. List the prime contractor name and the location of the plant where the item is manufactured. If there is more than one prime contractor, list all contractors and plant locations. When the item requires depot assembly, identify the assembly depot and locations as the production source. In these instances, the production schedule on lines 2a and 2b will indicate availability from assembly (production).

(2) *Line 2—Production.*

(a) *Line 2a—Funded/programmed production.*

1. Display quantities of assets available from current funded and/or programmed production. Include approved Army programs that are not funded through the time required to satisfy each requirement identified on lines 3a through 3c. Production deliveries that for any reason did not materialize in the report quarter should be included in the appropriate revised production quantities for the succeeding quarter(s). The number entered for each quarter on line 2a must equal the total of all quantities to be delivered in that quarter as listed on lines 3a through 3c. When known, include direct sale deliveries.

2. Deliveries from production for entries on lines 3a through 3c will be entered in the CY quarter representing a delivery from production on line 2a without regard to scheduled delivery to the customer. In instances where assets produced for FMS customers are directed to a depot for further processing, or are held for package shipment to the customer, footnote the entry with an explanatory note in 6k, "Remarks."

3. If production includes payback for assets diverted from either depot stock or production, enter "Payback" on line 3b(3). Enter the amount and identify customer(s) in 6k. If payback is not applicable, leave line 3b(3) blank.

(b) *Line 2b—Maximum production rate.*

1. If line 2a represents the maximum production rate, the entry will be the same on line 2b. If line 2a is not at a maximum peacetime production rate within existing facilities and resources (1-8-5 production base), display buildup by quarter to the maximum rate. Reflect in the maximum production rate buildup considerations such as administration, hiring, training, long-lead time items, and other lead times. Maximum production rates in existing facilities can be shown only after taking into account the time when funding will be available plus procurement lead time. For example, if funding is available in January 1993 and procurement lead time is

12 months, the earliest date that the item can be produced for additional FMS requirements without impact is January 1994; the buildup to maximum rate in this case would be shown in the first quarter, CY 94. The calendar quarter in which maximum production is reached should be compatible with the entry on line 6e. If scheduled deliveries are reflected on lines 4 and 5 as earlier than the lead time shown for maximum production capacity, footnotes should explain directed delivery, authorized diversion, or other circumstances. Assume the "as of" date of the report as the go-ahead for authority to build to maximum production rate. Plans to actually increase to a higher production rate should be noted on line 6j as well as any critical dates by which decisions must be made. The impact of other items produced in the same facility, but not included on the worksheet, should also be entered on line 6j. Production capacity entries will be extended through the time required to satisfy requirements identified on lines 4 and 5.

2. When a rollup sheet is required for specific families of major items or weapon systems, entries on line 2b should be confined to the rollup sheet. The individual item sheets in these cases will be annotated "See rollup sheet" on line 2b. In addition, the entries (+ or -) on lines 3d, 4b, and 5b are not required on the individual schedules when a rollup sheet is prepared.

(3) *Line 3—Firm requirements.*

(a) *Line 3a—U.S. procuring service.* Enter "U.S. Army." Enter the current AAO in the column entitled "Authorized Objective." Enter the on-hand (in units and in depot) assets as of the report date. Specify the source of the information and the "as of" date on line 3a following "U.S. Army," or in footnotes. AAO and on-hand entries apply only to the U.S. Army line. The on-hand total will include unserviceable assets; however, the quantity of unserviceable assets will be identified as a parenthetical entry following the on-hand total. If necessary, identify specific models in 6k. Beginning with the quarter immediately succeeding the "as of" date of the worksheet, enter assets to be delivered from production to the U.S. Army by calendar quarter. Include quantities for Army programs that are approved, but not funded.

(b) *Lines 3b(1) and (2)—Other U.S.* Identify other U.S. military requirements by customer and display asset distribution from production by calendar quarter.

(c) *Line 3b(3)—Payback.* Enter the quantity in the applicable calendar quarter that assets are being produced to pay back the Army for earlier diversion of assets from stock or production. In 6k, identify international logistics customer(s), sales case designators, and quantities for each quarter.

(d) *Line 3c—Accepted LOAs/MAP funded/direct buy.*

1. List each country for each accepted FMS case or funded MAP order that has an undelivered balance; also list those for which delivery was completed in the report calendar quarter. After the country name, enter (F) for FMS or (M) for MAP. Entries for completed deliveries will be reflected once and then dropped in the succeeding submission. Include on line 3c LOAs for which an LOI has been processed signifying customer commitment, instead of an accepted and implemented LOA. Enter the FMS case designator or MAP order RCN in the column headed "Case No." Enter the total quantity ordered and delivered against the applicable FMS case or RCN through the end of the report quarter. Since production line capacity is required to satisfy a direct manufacturer to foreign government sale, also include direct sales (commercial buys) through the contractor and identify with a (D). If the direct sales information is not available, enter an explanatory footnote. An order received and delivered in a report quarter must be reported as ordered and delivered and will be dropped in the succeeding submission. List countries with completed deliveries first. List remaining countries in the order consistent with availability furnished on LOAs, or applicable to funded MAP orders. In the event the customer accepts the offer after the expiration date, thereby causing case revalidation and modification of availability, list the country in the order consistent with the availability cited on DD Form 1513-1 or 1513-2, or in the order dictated by extenuating circumstances (for example, plotting special configuration requirements into the production queue at the most economical time or at the time that would cause the least

interruption to standard configuration production). List direct buys in the order in which they are, or are to be positioned, in the production queue, if known.

2. Deliveries scheduled from production will be displayed by calendar quarter until the requirement is satisfied, and should support the availability expressed on DD Form 1513, considering that the availability cited on the LOA must include the time required for inspection, acceptance, and preparation for shipment. When amendments or modifications to accepted FMS cases or LOAs (line 3 or 4) are in process, the requirement will remain on the line as previously reported unless extenuating circumstances indicate otherwise. For example, the case is being restated and there is a question concerning status of the requirement.

3. In instances in which delivery to the foreign customer will be through diversion from the Army with a later payback, and the assets to be diverted are included in the production quantity, rather than in diversion of existing assets, include the quantity in the Army quantity on line 3a. Show the diverted quantity in the calendar quarter of delivery from production for the customer as a parenthetical entry on the applicable line, with an explanatory footnote. Enter payback to the Army on line 3b(3) in the CY quarter that represents delivery of the payback quantity from production.

(e) *Line 3d—Shortfall (–) or available (+)*. Total all required distribution by quarter and subtract from line 2b to identify potential production capacity available for FMS. Display a minus sign (–) for shortfall or a plus sign (+) for surplus capacity. Minus entries must be explained by a footnote.

(4) *Line 4—LOAs tendered (T) or requested (R)*.

(a) *Line 4a—Countries*. Enter each country to which a current LOA has been issued or from which a request for an LOA has been received. Identify the type of requirement with (F), the same as for line 3. Identify the trialpha case designator and the quantity on the offer or request. For identification purposes, LOAs forwarded to customers will be identified as tendered (T), following the type of program designation (F) after the name of the country. LOAs requested that have not been forwarded to the customer will be identified as requested (R), following type of program designation (F), following the name of the country. List countries in the order consistent with availability furnished, assuming that LOAs are signed and accepted by the offer expiration date.

(b) *Status*. Indicate the status of the LOA, or request for LOA, in the column provided, using the following abbreviations: in process (In Proc); congressional review (Congr Rev); waiting signature (Wait Sign); extension requested (Ext Req); or identify other status as appropriate. Enter status when known; if unknown, leave blank. LOAs, and requests for LOAs, entered on line 4a will continue to be recorded until either accepted or expired, unless extenuating circumstances extend the effective period of the offer. The issuance of an LOA is considered a U.S. commitment, and production capacity must be reserved to satisfy the requirement during the effective period of the offer. The projected delivery from production will be displayed by calendar quarter and should support the availability shown on DD Form 1513; the availability date entered on the LOA must include the time required for inspection/acceptance and preparation for shipment. Items not in stock will be included in the requirements computation for potential procurement.

(c) *Proposed distribution*. When the line entry is for a request for an LOA, the proposed distribution from production should be compatible with availability; availability on the LOA must include time required for inspection/acceptance and preparation for shipment. Proposed distribution will be based on availability of assets, consideration of competing requirements from other countries, firm approved delivery decisions, availability of support training, and support of the availability cited, or to be cited on the LOA. Production capacity will be reserved as specified above. All requests for LOAs that are in process as of the end of the report quarter will be included on line 4a.

(d) *Directed diversions for requirement not implemented*. To indicate a directed diversion from Army production, include the quantity to be diverted on line 3a in the Army quantity scheduled for

production. Indicate on line 4a the quantity directed for diversion from the Army for the customer in the calendar quarter in which diversion is directed (in parentheses). Make this entry and footnote the action in 6k. (Parenthetical entries will not be included in totaling of quantities (+ or –) for lines 4b or 5b.) Indicate the planned payback to the Army in the appropriate quarter on line 3b(3), in parentheses.

(e) *Line 4b—Shortfall (–) or available (+)*. Total the planned distribution for line 4a, subtract the result from line 3d, and display the result with a + or –. Explain minus entries in a footnote.

(5) *Line 5—Price and availability requests*.

(a) List countries that have requested P&A data or that have approved unfunded MAPs. Identify the trialpha planning case designator or MAP RCN where applicable. Include direct sale potential requirements, when known. Include requests for countries from which there is a “want list” and explain by footnote. Include requests for P&A data, including planning cases that have been furnished to USASAC or those that are in process. Include approved, unfunded MAP (for example, tentative MRI Supply Plan, RCS DSAA–AR 1000) requirements that have been provided through USASAC. List the countries in the order consistent with availability reflected, or to be reflected, on the P&A reply. List direct potential sales in the order in which production is to be scheduled from best available information. List “want list” countries last. Also identify the type of requirement (F, M, or D) as in line 3. Enter the quantity requested and project the proposed distribution from production compatible with availability furnished or to be furnished in response to the P&A/P &R request, or to be used in planning for approved, but unfunded, MAP. Proposed distribution will be based on availability of assets, the date the customer might be expected to sign the LOA, consideration of other competing requirements, and availability of training. It should support the availability cited, or to be cited on the P&A reply. Projected deliveries will be shown from production by calendar quarter until the requirement is satisfied.

(b) Requests for P&A data do not require reservation or earmarking of assets. Data are furnished for planning purposes only and do not constitute an offer or commitment. These items will not be included in computing requirements for potential procurements until firm requests are received.

(c) P&A and “want list” entries will be included for two periods unless it is known that a country is still interested. Approved, but unfunded, MAP will be included until funded or deleted. Requests for direct sales will be included, when known.

(d) Total the proposed distribution for each quarter on line 5a, subtract from line 4b, and enter the + or – result in line 5b. Explain minus entries in a footnote.

(6) *Line 6—Other data*.

(a) Provide data requested on lines 6a through 6j and enter any other remarks or footnotes from lines 1 through 5. Entries on lines 6a and 6d should be compatible with the most recent FMS LOA or studies. The entry on 6d should be compatible with the most recent FMS LOA or studies. The entry on line 6b should be compatible with the logistical support forecast (fig 20–1) provided separately. The entry on line 6c should indicate the latest U.S. Army procurement cost for the item or system identified on line 1 in applicable FY dollars. On line 6d, the FMS end-item unit price from a recent FMS program should be for the complete item in standard configuration, as listed on the applicable FMS case. Enter the unit price and applicable FY of the FMS program unit price in the space provided. In instances where this cost does not represent a complete end item, identify factors not included, such as missing components or other ancillary items, or changes on the line beginning “Price Excludes.” If there are no exclusions, enter “No exclusions” following the word “Excludes.” Also use this line to identify country, case designator, and date of the recent FMS program from which price is furnished (with these entries in parentheses). Any differences from U.S. standard configuration that could cause a price difference should be footnoted. If the FMS price is less than the price on line 6c, explain the difference in “Remarks.”

(b) For line 6e, see paragraph 2(b)1. above.

(c) On line 6f, enter the nonrecurring RDT & E costs added as a surcharge per unit applicable to the end item on line 1.

(d) No entry is required on the worksheet for lines 6g and 6h, because the input is separate from the worksheets.

(e) On line 6i, provide contract number, contract quantity, option number (if applicable), option quantity, option quantity open, option expiration date, and any other appropriate notes. If none, enter "none."

(f) On line 6j, enter any other significant data as applicable. If none, enter "none."

(g) Enter explanatory notes and remarks in the space provided under line 6k.

(7) Special instructions for rollup sheets.

(a) On line 1, spell out brief nomenclature of the family rollup (for example, M113 family rollup). Identify the individual items included in the rollup by footnote on line 6k (for example, M113A2, M548, M125A2, M577A2, M741, M901 chassis, and M730).

(b) Rollups will be by country, to include the requirements for all items in the family, by country, provided separately for each line (3c, 4a, and 5a) and totaled for each line.

(c) The entries on line 2a of the rollup sheet will be the sum of those on the individual item worksheets and will also equal the total of lines 3a, b, and c. All rolled-up quantitative entries will be entered in the applicable calendar quarters.

(d) Enter the sum of the calculations for lines 3d, 4b, and 5b (+ or -) for the total quantitative requirements for the family. Explain minus entries in a footnote.

(e) For line 6, "Other Data," enter only the data or special remarks or footnotes that apply to the rollup.

e. Information on security classification and specific markings of the worksheets is provided as follows:

(1) Each paragraph and subparagraph of the worksheet shall be annotated (C) or (U) to denote the inclusion of CONFIDENTIAL or UNCLASSIFIED information, respectively, when classified information is included. Guidance for determining security classification is as follows:

(a) Paragraph 1: Item—UNCLASSIFIED.

(b) Paragraphs 2a and 2b: Asset production—UNCLASSIFIED.

(c) Paragraphs 3a and 3b: Firm requirements—UNCLASSIFIED.

(d) Paragraphs 3c(1) and 3c(10): Accepted LOAs/MAP funded/direct buy. Individual FMS entries are UNCLASSIFIED, except for those FMS cases specifically directed to be CONFIDENTIAL by the State Department, OSD, DSAA, HQDA, or USASAC. Individual entries for 'MAP-Funded' are UNCLASSIFIED, unless otherwise directed by higher authority. Individual entries for direct buys are UNCLASSIFIED, unless otherwise indicated by the contractor or producer.

(e) Paragraph 3d: Shortfall (-) or available (+)—UNCLASSIFIED.

(f) Paragraphs 4a(1) through 4a(10): LOAs tendered (T)—Individual entries are UNCLASSIFIED, except for those FMS cases specifically directed to be CONFIDENTIAL by the State Department, OSD, DSAA, HQDA, or USASAC.

(g) Paragraphs 4a(1) through 4a(10): LOAs requested (R)—Individual entries are CONFIDENTIAL if the LOA is for MDE and a candidate for formal congressional notification under the Arms Export Control Act, section 36(b), or if the State Department, OSD, DSAA, HQDA, or USASAC has specifically directed classification as CONFIDENTIAL. Otherwise, entries are UNCLASSIFIED.

(h) Paragraph 4b: Shortfall (-) or available (+)—UNCLASSIFIED.

(i) Paragraphs 5a(1) through 5a(12): P&A requests—Individual entries for P&A requests are CONFIDENTIAL if the request involves MDE and is a candidate for formal congressional notification the Arms Export Control Act, section 36(b), or if the Department of State, OSD, DSAA, HQDA, or USASAC specifically directs that information related to the request is CONFIDENTIAL.

(j) Paragraph 5b: Shortfall (-) or available (+) — UNCLASSIFIED.

(k) Paragraphs 6a through 6j: Other data — UNCLASSIFIED.

(l) Paragraph 6k: Remarks — UNCLASSIFIED, unless classified information is entered.

(2) Requirements for specific markings on SAMPAP worksheets are as follows:

(a) Worksheets reflecting CONFIDENTIAL information will be stamped CONFIDENTIAL at top and bottom and will be marked as follows: CLASSIFIED BY SAMM: (DOD 5105.38-M) DECLASSIFY ON OADR.

(b) Worksheets reflecting only UNCLASSIFIED information will be stamped UNCLASSIFIED at top and bottom. No paragraph or subparagraph markings are required.

(3) Enter the following legend at the bottom of the schedule, between the classification and point of contact, when respective related requirements are reflected on line 3c, 4a, or 5a:

(F) = Foreign military sales.

(M) = MAP Grant Aid.

(D) = Direct sales (commercial buys).

f. Logistical support forecast (LSF) data are required for SAMPAP items. The MSC will update LSF data semiannually and send the original and one copy to USASAC (AMSAC-MP-P), to arrive on or before the 10th of each January and July. A sample LSF is shown in figure 20-1.

LOGISTICAL SUPPORT FORECAST

M113A2 Armored Personnel Carrier

PART I. Instructions. The following data have been developed for use with the SAMPAP worksheet for the basic end item to provide an indication of the logistical investment cost of the total system. These costs are estimates which are based on the most recent information available and include nonrecurring production, asset use and unfunded costs, if appropriate. Estimated prices do not include PCH, transportation, and administrative charges. Data should be used for planning purposes only. Prices shown are FY 89 dollars.

PART II. Ancillary support items—per M113A2 (See note 1)

A. Communications, weapons, ammunition requirements:

	Est. price (\$)	Est. avail. (months)
1. Communications equip (note 1)		
AN/VRC-46 radio, consisting of:		
RT-524/VRC receiver transmitter	4,856	15
AS-1729/VRC antenna	212	SOH
I/H w/VIC-1 and MX7778A/GRC	1,530	24
MK-1265/G accessory kit	218	24
Helmets, crewman, 2 ea (See note 4)		
Subtotal	<u>6,816</u>	
2. Basic issue items		
Included in cost of vehicle		
No. of items—42		
TM 9-2300-257-10, App B, Sec II		
3. Weapons required (note 1)		
Machine gun .50 cal M2. HB flex W/E	8,922	6
Subtotal (1 + 2 + 3 above)	<u>8,922</u>	
4. Ammunition requirements (investment)		
(a) Basic load		
DODAC A-576/A540 2000 rds 50 cal MG	2,940	14
G-881 30 ea hand grenades	360	17
L-495 32 ea trip flares	703	20
G-900 16 ea grenades incend	418	20
K-145 6 ea mile AP M18	598	19
Subtotal	<u>5,019</u>	

As of 31 Dec 91

M113A2 Personnel Carrier

(b) War reserve (30 day sup per veh)		
DODAC A-576/A540 5250 rds 50 cal LKD	7,718	14
4 API-M8, 1 API-2T-M20		
G-881 200 ea hand grenades	2,400	17
L-495 120 ea trip flares	2,636	20
Subtotal	<u>12,754</u>	
TOTAL A—Communications, weapons, and ammunition (Total of 1 + 2 + 3 + 4)	33,511	
B. Spare parts/tools requirements		
1. Concurrent spare parts (for 1 veh)	28,513	24
2. Special tools/test sets/cal equipment (note 3)		
(a) Organizational	6,170	18
(b) DS/GS	6,617	18
Subtotal	<u>12,787</u>	
TOTAL B—Spare parts/tools (Total of 1 + 2 above)	41,300	
TOTAL PART II ANCILLARY SUPPORT COST (Total A + B)	74,811	

Figure 20-1. Sample logistical support forecast

	Est. price (\$)	Est. avail. (months)
PART III. Yearly sustaining support requirements		
A. Repair parts/components/secondary items		
Estimated costs per year	2,880	24
B. Support personnel requirements (based on 1,000 miles per year per vehicle)		
1. Organizational yearly man-hours = 214.2		
2. Direct support/general support yearly man-hours = 159.4		
C. Overhaul requirements		
Overhaul frequency—7,500 miles (note 2)		
Estimated cost per overhaul—\$36,831		
Estimated overhaul cost per year	6,038	
As of 31 Dec 91		

M113A2 Personnel Carrier

D. Special support considerations—None		
E. Yearly training requirements		
Ammunition		
DODAG A-557 1060 rds CTG cal .50 LKD, 4 ball/ITR	1,283	14
G-881 2 ea hand grenades	24	17
L-495 1 ea trip flare	22	20
Subtotal	1,329	
TOTAL PART III YEARLY SUSTAINING SUPPORT COST (Total A + B + C + D + E)	10,247	

PART IV. Support cost summary (1 vehicle)

A. Ancillary costs	
1. Total part IIA—communications, weapons, and ammunition	12,745
2. Total part IIB—spare parts/tools	12,787
GRAND TOTAL ANCILLARY SUPPORT COSTS (Total 1 + 2)	74,811
B. Total Part III yearly sustaining support cost	10,247

PART V. Analysis of availability of support items. At this time, there appears to be a problem in procuring support items, such as communications equipment and ammunition to coincide with the M113A2 production, which has a lead time of 33 months. If expedited procurement of these items is not possible, FMS customers will have to accept delivery of vehicles with shortage items to follow. Major item is projected to be in U.S. Army inventory through CY 97.

As of 31 Dec 91

Notes:

1. List of recommended technical publications will be included in the LOA.
2. Average miles per year per vehicle worldwide U.S. (in use) = 1329. (Based on M113A2 data.) Overhaul frequency dictated by vehicle condition and inspection by the combat vehicle evaluation team.
3. Tool sets priced included 1 each for each level of maintenance shown. In most instances, these sets support quantities of vehicles as follows: Organizational = 1-20 vehicles, DS = 1-50 vehicles, and GS = 1-100 vehicles.
4. Helmets are commercially available.

As of 31 Dec 91

Figure 20-1. Sample logistical support forecast—Continued

Chapter 21 Army Munitions Control Program

21-1. General

a. The Army Munitions Control Program provides policy governing Army reviews of export license applications for the temporary or permanent export of classified or unclassified data and hardware, and for manufacturing and technical assistance agreements. It also provides Army advisory opinions on commodity jurisdiction determinations and strategic trade export requests. It does not include transfers of materiel, training, and services provided by the U.S. Government under the Military Assistance Grant Aid Program, International Military Education and Training Program (IMETP), or the FMS program.

b. The program processes export license applications and strategic trade cases referred to the Army by the Department of State and the Office of the Deputy Under Secretary of Defense for Trade Security Policy (ODUSD/TSP). The term "munitions case" includes in its scope defense articles and services and related technical data included in the U.S. Munitions List (USML), which is a part of the International Traffic in Arms Regulation (ITAR) published by the Department of State. Changes to the USML are made by the Secretary of State with the concurrence of the Secretary of Defense.

21-2. Authority

a. The Arms Export Control Act regulates the export of defense articles and services to foreign nations and international organizations. It is implemented by the Department of State through the ITAR.

b. The Export Administration Act regulates the Strategic Trade Control Program. It is implemented by the Department of Commerce through the Commodity Control List.

c. The export license application process is the primary means of regulating the exportation of defense articles and services. Action on applications is governed by relevant Department of State and Department of Commerce policy.

d. The Army participates in the processing of munitions cases, in coordination with other government elements. Objectives are—

(1) Control the export of classified or critical technology for which the United States has the technological lead, and which has the potential to significantly threaten U.S. national security, if provided to a foreign government.

(2) Provide the Army position on the impact of proposed exports on national security.

(3) Control export sales that could interfere with Army programs.

21-3. Processing channels

a. The Defense Technology Security Administration (DTSA) is a DOD field activity under the direction, authority, and control of ODUSD/TSP that manages the DOD Munitions Control Program.

b. HQDA (DALO-SAC) coordinates the processing of selected munitions cases referred to the Army and provides coordinated Army staff guidance to AMC.

c. The Commander, AMC, manages the Army Munitions Control Program through USASAC.

d. USASAC (AMSAC-MI) develops, documents, and submits Army recommendations to DTSA.

e. The Department of State refers all munitions cases involving the sale or transfer of USML items to DTSA or USASAC, as appropriate.

f. The Department of Commerce refers all strategic trade cases involving the sale of non-USML strategic items to the U.S.S.R., China, and other communist countries to DTSA.

21-4. Processing procedures

a. DA Form 4605-R, Department of the Army Munitions Control Case Processing Worksheet, will be used to coordinate all cases referred to the Army. DA Form 4605-R will be locally reproduced

on 8½" by 11" inch paper. A copy for local reproduction purposes is located at the back of this regulation.

b. USASAC (AMSAC-MI) will—

(1) Accept or assign action on selected cases to the proper MACOMs, AMC elements, and other Army agencies as needed to process and develop a recommended position. All cases involving foreign disclosure or technology transfer issues relating to AMC information, technology, or data will be coordinated with AMC (AMCMI-CT) before the recommended position is forwarded to DTSA.

(2) Refer cases involving the following to HQDA (DALO-SAC) for review and comment:

(*a.*) Recommendations for denial of an export license request.

(*b.*) Proposals to export HQDA-designated high-interest items.

(*c.*) Proposals to export to HQDA-designated selected countries.

(*d.*) Proposals that involve the export of classified or unclassified data or hardware that require disclosure of classified information. However, if the classification guide clearly indicates that the proposed recipient is cleared to receive the level of classification proposed, or eligibility is confirmed by ODCSINT, the case need not be referred to HQDA.

(*e.*) Proposals that may adversely impact current and future Army programs.

(*f.*) Proposals for export of nonstandard USML major end items and systems that have rationalization, standardization, and interoperability implications that warrant HQDA review, as determined by the Commander, USASAC.

(3) Develop the final Army position and provide it to DTSA within 22 calendar days from receipt of the case.

(4) Provide AMC MSCs with a quarterly list of all export license applications processed by the Army that were recommended for approval by DOD, so that suspense accounts for nonrecurring costs can be established.

c. HQDA (DALO-SAC) will—

(1) Review cases referred by USASAC; provide comments, and complete items 24 and 25, on DA Form 4605-R.

(2) Coordinate cases within HQDA, as appropriate.

(3) Coordinate with HQDA (DAMI-CIT) to determine security interests or implications, to include a determination on whether or not the proposal requires an exception to national disclosure policy.

(4) Return coordinated cases to USASAC within 7 calendar days of receipt.

d. MACOMs, AMC elements, and other Army activities will evaluate cases referred by USASAC. Reviewing activities will—

(1) Confirm that it has management responsibility for the item or technical data. If not, the USASAC action officer identified in the DA Form 4605-R should be notified by telephone immediately.

(2) Determine if the case contains sufficient information to permit conduct of a complete review. If insufficient information is provided, the following procedures apply:

(*a.*) Notify the USASAC action officer immediately, by telephone, and identify specific information required.

(*b.*) Immediately request the required information directly from the applicant by telephone. Advise the applicant that if the information cannot be provided within 2 workdays, the case must be returned without action.

(*c.*) Keep the USASAC action officer informed of the nature and results of all contacts made. If necessary, the USASAC action officer will also coordinate with the applicant.

(*d.*) Inform the USASAC action officer by telephone if the applicant does not provide the required information within 2 workdays. The following information should be provided: name and telephone number of the person contacted, date of contact, specific information requested, and a confirmation that the requested information has not been received. USASAC will determine if the case will be returned without action.

(3) Review the list of export license applications provided by USASAC to—

(*a.*) Identify applications with potential nonrecurring costs.

(*b.*) Establish suspense accounts to ensure collection.

(c) Notify contractors to ensure collection of nonrecurring costs.

(4) Appoint primary and alternate points of contact for Munitions Control Program actions and provide names, mailing and message addresses, and telephone numbers to USASAC.

(5) Complete DA Form 4605-R in accordance with paragraph 21-7, to include a recommended position, and return it to USASAC within 13 calendar days. A facsimile transmission may be used to forward the completed DA Form 4605-R and any additional comments.

21-5. Suspense control

a. Each activity will maintain a suspense control system and a munitions control register to permit prompt processing of all munitions cases.

b. Suspense dates cannot be extended. Reviewing activities will notify USASAC (AMSAC-MI) promptly if the suspense date cannot be met.

c. Cases requiring prompt action may be coordinated by telephone. However, all actions will be recorded on DA Form 4605-R or confirmed in other correspondence.

21-6. Nonconcurrences

If a reviewing activity recommends nonconcurrency in any munitions case, a General Officer or Senior Executive Service equivalent must sign item 17, DA Form 4605-R. In the absence of a General Officer or Senior Executive Service equivalent, a designated substitute may sign. Specific supporting justification must accompany all nonconcurrency recommendations.

21-7. Preparation of DA Form 4605-R

a. DA Form 4605-R describes the nature of the munitions case under review. It simplifies, standardizes, and speeds the processing of munitions cases of all types. All actions relating to the review will be recorded manually. Coordination will be accomplished by routing the form from one addressee to the next.

b. The security classification entered at the top of the form will reflect the highest security classification of any supporting attachments.

c. Detailed instructions are provided in table 21-1.

d. The worksheet and supporting attachments will be forwarded from USASAC directly to the processing activity. A copy of the completed worksheet showing all internal coordination and any additional comments will be returned expeditiously to USASAC. Each reviewing activity should retain one copy, as needed.

e. Records created under the Army Munitions Control Program will be maintained and retired under the Modern Army Recordkeeping System (MARKS).

Table 21-1
Instructions for completing DA Form 4605-R

Item	Instructions
1-5	Completed by USASAC.
6	Not applicable.
7-10	Completed by USASAC.
11	Completed by the lowest reviewing authority. Enter or circle the appropriate response. All items must be answered. Responses requiring further explanation should be submitted on a separate sheet. Respond "NA" when question is not applicable.
11a	Identify the responsible command or agency. If the materiel is under cognizance of another command, notify the USASAC action officer immediately, by telephone.
11b	If the commodity is in R&D, give the status and expected date of type classification. If the item is nonstandard, explain any significant adverse impact on rationalization, standardization, and interoperability objectives.
11c-11d	Self-explanatory.
11e	If the export of unclassified equipment or data requires follow-on export of classified equipment or data, describe the equipment or data, its classification, and why it is required.

Table 21-1
Instructions for completing DA Form 4605-R—Continued

Item	Instructions
11f	Explain the nature of the information that would be divulged and its impact on the U.S. Armed Forces. The scope of the question includes both the commodity and any equipment that is part of the item to be exported.
11g	Explain briefly what technology can be obtained by reverse engineering and its impact on U.S. Armed Forces.
11h	Self-explanatory.
11i	Enter the amount. If computation of nonrecurring costs is underway, or headquarters approval is pending, also provide an estimated approval date.
11j	Self-explanatory.
11k	Self-explanatory.
11l	Self-explanatory.
11m	Self-explanatory.
11n	Self-explanatory.
11o	Designation as a defense article or service is determined primarily by whether it is inherently military in character. Whether it has a predominantly military application is taken into account. The fact that an article or service may be used for both military and civilian purposes and its intended end use are not relevant in determining whether the article should be on the USML.
12	Completed by activity. Shows recommended action on the case. "Other" block is for split decisions when the case involves multiple items and commodity jurisdiction cases. Objections must thoroughly justify how the proposed export will threaten U.S. national security.
13	Completed by activity. Shows internal coordination of item 11 and recommendation in item 12.
14	Completed by activity. Name of activity processing the case.
15	Self-explanatory.
16	Completed by activity. Date of approval of recommendation by activity.
17	Completed by activity.
18	Completed by USASAC. Shows recommended action on the case. "Other" block is for split decisions and commodity jurisdiction cases.
19	Completed by USASAC. Shows internal USASAC coordination.
20	Self-explanatory.
21	Self-explanatory.
22	Completed by USASAC. Suspense date for HQDA.
23	Completed by USASAC. Signature and phone number of approving authority.
24	Completed by DALO-SAC. Records HQDA position on the case. "Other" block is for split decisions and commodity jurisdiction cases.
25	Completed by DALO-SAC. Records internal HQDA coordination.
26	For use by USASAC and DALO-SAC. Remarks on disposition of the case.

Chapter 22

Foreign Military Sales Case Management

22-1. Army central case management system

The Army central case management system is established to provide a method of completing cases on schedule, within the case values, and to close as planned. Successful performance is based on accomplishment of these objectives. It involves a three-tiered management structure consisting of a country program manager (CPM), central case manager (CCM), and command case manager (COCM).

22-2. Assignment of case managers

a. The Commander, USASAC, assigns case managers, as follows:

(1) CPMs are assigned at HQ USASAC and are responsible for overall management of security assistance programs conducted in their assigned countries.

(2) CCMs are assigned at USASAC–NCAD and are responsible for integrating functional, organizational, and Army-wide activities supporting each case.

b. Other commands, agencies, and activities tasked in paragraph 1–4 assign COCMs for each FMS case developed or executed and are responsible for coordinating all supporting actions that relate to the command.

c. Technical and logistical support will be provided by MACOMs, field activities, commanders of Army components of unified commands and subordinate unified commands, and other Army organizations, as required.

22–3. Functions

a. The CPM is the principal Army manager for all security assistance programs related to the assigned country. Functions include coordination with foreign countries, higher and lateral headquarters, and other agencies. Specific duties involve determining requirements and tasking case preparers to develop P&A data or LOAs. The CPM reviews the LOA for completeness and accuracy, oversees program execution, and conducts or participates in country reviews and surveys.

b. The CCM is responsible for the overall case management from date of implementation through closure. Functions include integrating actions assigned to commands, agencies, and activities supporting each case and tracking and documenting all significant problems encountered during execution and closure to ensure that cases are completed on schedule, within established program parameters, and closed as planned. The CCM uses program reviews, visits, and records and reports, to initiate and follow up on management actions.

c. The COCM develops P&A data and LOAs, and coordinates and integrates supporting actions to ensure that the case is prepared in a manner that responds to country needs and TPA requirements. The COCM will ensure that materiel is released as required, that other necessary actions are completed on schedule and within program parameters, and that case actions are reported to the appropriate security assistance data base. Upon completion of each case, COCMs will initiate case or line closure certifications for assigned case segments.

22–4. Management principles

a. Case management begins with receipt of the LOR and continues through final case closure. It includes all preparation actions, operations and support actions, and closing actions.

b. The COCM is accountable for completing the case on schedule, within case value, and for closing the case as planned. At a minimum, the case manager develops a case master plan, financial analysis, case directives, and case progress/status reports.

22–5. Case master plan

The case master plan must be developed to recognize and accommodate the complexity of the case, and will consist of a case summary sheet and other appropriate documentation as required by DOD 7290.3–M and DOD 5105.38–M, section 704. It will identify significant milestones and provide schedules for completing the implementation, operational support, and closure phases, and will be sent to the CCM after a copy of the LOA is provided. The CCM will complete the case master plan with input from the CPM and the COCM. It will be updated as required during the life of the case.

22–6. Records management

a. Security assistance records will be maintained and retired as required by MARKS, number 12. Additional information is provided in AR 25–400–2.

b. FMS case files will be maintained as specified in DOD 7290.3–M, chapter 6, to ensure that required documentation is readily available and retrievable.

Appendix A References

Section I Required Publications

AR 12-1

Security Assistance—Policies and Responsibilities. (Cited in paras 1-4 and 5-10.)

AR 25-400-2

The Modern Army Recordkeeping System (MARKS). (Cited in para 22-6.)

AR 37-60

Pricing for Materiel and Services. (Cited in paras 2-36, 3-27, 5-10, 7-1, 9-6, 12-5, 13-16, 15-6, 16-1, 16-5, and 16-10.)

AR 37-80

Financing and Accounting Support for the Army's Security Assistance Programs. (Cited in paras 7-1, 9-6, 9-10, 11-4, 12-4, and 13-16.)

AR 37-120

Army Procurement Appropriation (PA) Management Accounting and Reporting Systems (APARS). (Cited in paras 2-27 and 15-6.)

AR 380-5

Department of the Army Information Security Program. (Cited in paras 2-5 and 16-22.)

AR 550-51

Authority and Responsibility for Negotiating, Concluding, Forwarding, and Depositing of International Agreements. (Cited in para 5-6.)

AR 725-50

Requisitioning, Receipt, and Issue System. (Cited in paras 3-11, 15-5, 15-6, 16-3, and 16-20.)

DOD 5105.38-M

Security Assistance Management Manual (SAMM). (Cited in paras 2-3, 2-7, 2-9, 2-15, 2-28, 2-29, 2-31, 2-32, 3-1, 3-4, 3-5, 3-7, 3-8, 3-10, 3-16, 3-25, 3-27, 3-28, 3-29, 4-3, 4-4, 4-6, 4-9, 5-13, 5-16, 5-18, 7-3, 7-7, 7-8, 7-9, 7-10, 7-14, 7-16, 7-17, 7-18, 8-2, 8-3, 8-4, 8-5, 8-6, 11-6, 15-11, 16-1, 16-2, 16-5, 16-6, 16-7, 16-10, 16-11, 16-12, 16-13, 16-14, 16-16, 16-17, 16-19, 20-2, 20-3, 20-4, 20-5, 20-6, and 22-5.)

DOD 7290.3-M

Foreign Military Sales Financial Management Manual. (Cited in paras 11-4, 17-3, 17-8, and 22-6.)

Section II Related Publications

Related publications are sources of additional information related to this regulation. However, readers do not necessarily have to read or consult them in order to implement this regulation.

AR 12-7

Technical Assistance Field Teams (TAFT) and Technical Assistance Teams (TAT)

AR 12-12

Processing Discrepancy Reports Against Foreign Military Sales Shipments

AR 12-15

Joint Security Assistance Training (JSAT) Regulation

AR 37-27

Accounting Policy and Procedures for Intragovernment, Intradefense, and Intra-Army Transactions

AR 37-100

Account/Code Structure

AR 37-108

General Accounting and Reporting for Finance and Accounting Offices

AR 55-1

CONEX/MILVAN Equipment Control, Utilization, and Reporting

AR 55-28

Port Calls Procedures for Passenger Movements

AR 55-38

Reporting of Transportation Discrepancies in Shipments

AR 55-355

Defense Traffic Management Regulation

AR 75-1

Malfunctions Involving Ammunition and Explosives

AR 190-11

Physical Security of Arms, Ammunition, and Explosives

AR 340-3

Official Mail Cost Control Program

AR 380-10

Department of the Army Policy for Disclosure of Information, Visits, and Accreditation of Foreign Nationals

AR 700-15

Packaging of Materiel

AR 725-1

Special Authorization and Procedures for Issues, Sales, and Loans

AR 735-11-2

Reporting of Item and Packaging Discrepancies

CSR 12-1

Security Assistance—Army Staff Processing—Export License Requests

DA Pam 25-30

Consolidated Index of Army Publications and Blank Forms

DA Pam 25-32

Foreign Military Sales Publications Guide

DA Pam 310-9

Index of Communications Security (COMSEC) Publications

DA Pam 310-35

Index of International Standardization Agreements

DA Pam 611-16

Handbook of Army Personnel Tests

DA Pam 750-10

U.S. Army Equipment Index of Modification Work Orders

DLIELC 1025.1-M

Defense Language Institute English Language Center Education and Training Manual

DOD 4000.25-1-M

Military Standard Requisitioning and Issue Procedures (MILSTRIP)

DOD 4000.25-2-M

Military Standard Transaction Reporting and Accounting Procedures (MILSTRAP)

DOD 4000.25-3-M

Military Supply and Transportation Evaluation Procedures

DOD 4000.25-7-M

Military Standard Billing System (MILSBILLS)

DOD 4000.25-8-M

Military Assistance Program Address Directory (MAPAD)

DOD 4000.25-10-M

International Logistics Communications System (ILCS) Defense Automatic Addressing System (DAAS)

DOD 4140.17-M

Military Standard Requisitioning and Issue Procedures (MILSTRIP)

DOD 4160.21-M

Defense Utilization & Disposal Manual

DOD 4500.32-R (vols. 1 and 2)

Military Standard Transportation and Movement Procedures (MILSTAMP)

DOD 5100.76-M

Physical Security of Sensitive Conventional Arms, Ammunition, and Explosives

DOD 5200.1-R

Information Security Program Regulation

DOD 7200.10-M

Department of Defense Accounting and Reporting of Government Property Lost, Damaged, or Destroyed

DODD 2000.9

International Co-Production Projects and Agreements Between the U.S. and Other Countries or International Organizations

DODD 2040.2

International Transfers of Technology, Goods, Services, and Munitions, ASD(ISP)

DODD 2140.2

Recoupment of Nonrecurring Costs on Sales of U.S. Products and Technology, ASD(C)

DODD 4175-1

Sale of Government-Furnished Equipment or Materiel and Services to U.S. Companies for Commercial Export

DODD 5105.51

Defense Technology Security Administration, ASD(C)

DODD 5530.3

International Agreements

DOD FAR SUPP

Federal Acquisition Regulation Supplement (paras 25.7306, subpart 35.71, and 25.7307)

DODI 2110.32

Foreign Military Sales Between the United States and the Federal Republic of Germany

FAR

Federal Acquisition Regulation (paras 6-302-4, 7-203.3, 7-402.2, 7-702.11, and 52.228-7001)

SB 710-1-1

Standard Study Number System and Replacement Factor

SB 742-2

Grant Aid, Civilian Aid, and Foreign Military Sales Program Requirements for Class V Materiel: Ammunition Surveillance Procedures

Section III**Prescribed Forms****DA Form 4372-R**

International Logistics Supportability Statement. (Prescribed in paras 18-6 and 18-18.)

DA Form 4372-1-R

International Logistics Supplemental Data Sheet—Supportability Statement. (Prescribed in paras 18-6, 18-7, and 18-18.)

DA Form 4605-R

Department of the Army Munitions Control Case Processing Worksheet. (Prescribed in paras 21-6 and 21-7.)

DA Form 5903-R

Financial Management Improvement Program Financial Worksheet. (Prescribed in para 3-30.)

DA Form 5904-R

Total Package Approach Checklist. (Prescribed in para 6-3.)

DA Form 5905-R

Diversion Decision Considerations—Ammunition. (Prescribed in paras 15-8 and 15-9.)

DA Form 5906-R

Diversion Decision Considerations—Major Items Less Ammunition. (Prescribed in paras 15-8 and 15-9.)

DA Form 5907-R

Diversion Decision Considerations—Class II and IX PA Secondary Items. (Prescribed in paras 15-8 and 15-9.)

DA Form 5908-R

Scheduled Receipts from Production and Overhaul. (Prescribed in para 15-8.)

DD Form 1513

U.S. DOD Offer and Acceptance. (Prescribed in paras 1-4, 2-7, 2-31, 3-1, 3-2, 3-3, 3-5, 3-6, 3-9, 3-16, 3-26, 3-28, 3-29, 3-30, 4-1, 4-6, 5-3, 5-5, 5-6, 5-7, 5-8, 5-9, 5-11, 5-12, 7-1, 7-7, 7-8, 7-13, 7-15, 8-1, 9-4, 9-5, 10-2, 10-4, 10-5, 11-8, 12-6, 13-1, 13-9, 13-10, 13-16, 15-1, 16-4, 16-5, 16-7, 16-9, 16-10, 16-14, 16-16, 17-8, and 20-9.)

DD Form 1513-1

U.S. DOD Amendment to Offer and Acceptance. (Prescribed in paras 3-6, 3-16, 3-28, 3-29, 3-30, 4-1, 4-2, 4-4, 5-5, 5-7, 5-8, 5-9, 5-11, 7-8, 7-13, 9-4, 9-8, 10-2, 10-4, 13-9, 13-10, 16-10, and 20-9.)

DD Form 1513-2

U.S. DOD Notice of Modification of Offer and Acceptance. (Prescribed in paras 3-10, 3-28, 3-29, 3-30, 4-6, 4-7, 4-9, 5-5, 5-9, 7-7, 7-8, 7-12, 7-13, 7-15, 9-4, 9-8, 10-2, 13-9, 13-10, 13-13, 13-18, 15-13, 16-10, and 20-9.)

DD Form 1513C

U.S. DOD Offer and Acceptance (Continuation Sheet). (Prescribed in paras 3-1 and 5-3.)

DD Form 1513S

Letter of Offer and Acceptance. (Prescribed in paras 7-15 and 13-11.)

DD Form 1513S-1

Amendment to Offer and Acceptance. (Prescribed in paras 7-15 and 13-11.)

DD Form 1513S-2

Notice of Modification of Offer and Acceptance. (Prescribed in paras 7-15 and 13-11.)

DD Form 1513SC

Continuation Sheet for DD Forms 1513S, 1513S-1, and 1513S-2. (Prescribed in para 13-11.)

Section IV**Referenced Forms****DA Form 17**

Requisition for Publications and Blank Forms

DA Form 2407

Maintenance Request

DA Form 4952-R

Replacement Modernization (RM) Classification, Foreign Military Sales (FMS)

DD Form 173

Joint Messageform

DD Form 250

Materiel Inspection and Receiving Report

DD Form 448

Military Interdepartmental Purchase Request

DD Form 645A

Foreign Military Sales Billing Statement

DD Form 1149

Requisition and Invoice/Shipping Document

DD Form 1348

DOD Single Line Item Requisition System Document (Manual)

DD Form 1348M

DOD Single Line Item Requisition System Document (Mechanical)

DD Form 1348-1

DOD Single Line Item Release/Receipt Document

DD Form 1348-5

Notice of Availability/Shipment

DD Form 1348-6

DOD Single Line Item Requisition System Document (Manual Long-Form)

DD Form 2012

U.S. Department of Defense Letter of Intent

DD Form 2012-1

U.S. Department of Defense Letter of Intent

DD Form 2012-2

U.S. Department of Defense Amendment to the Letter of Intent

DD Form 2060

Foreign Military Sales (FMS) Obligational Authority

DD Form 2061

Planning Directive

SF 120

Report of Excess Personal Property

SF 344

Multiuse Standard Requisitioning/Issue System Document

SF 361

Transportation Discrepancy Report

SF 364

Report of Discrepancy

SF 1034

Public Voucher for Purchases and Services other than Personal

SF 1080

Voucher for Transfers Between Appropriations and/or Funds

Department of Commerce Form 7525-V

Shipper's Export Declaration

Appendix B Standard Footnotes

A1.A—Acceptance—

(This note is applicable to DD Forms 1513 for materiel assigned delivery term codes 4 and 5, or cases using a combination that includes lines for delivery term codes 4 and 5, 6, 7, 8, or 9). Upon acceptance of this offer, the purchaser is requested to complete the form as follows:

Column 19—

Enter one of the following codes opposite each materiel line item, as applicable:

**Table B-1
Standard codes**

Code	Explanation
A	Automatic shipment. Shipments will be released automatically by the shipping activity without advance notice of availability.
Y	Notice of availability. Advance notice is required before release of shipment. However, shipment can be released automatically if release instructions are not received by shipping activity within 15 calendar days. Parcel post shipments will be automatically released.
Z	Notice of availability. Advance notice is required before release of shipment. Shipping activity will follow up on the notice of availability until release instructions are furnished. Parcel post shipments will be automatically released.

Blocks 29, 30, 31, 32, 36, and 37—

Enter appropriate acceptance information.

Block 33—

Enter the MARK FOR Code from DOD 4000.25-8-M, Military Assistance Program Address Directory (MAPAD), that identifies the in-country organization that is to receive the materiel. It is used in addressing shipments. As a minimum, it should consist of the port of discharge name and designator (water or air); street, city, and state/province address of organization; country name; and country service name. All data needed by personnel at the port of exit, customs authorities at the port of discharge, and overseas inland carriers should be included in the address. It should be as brief as possible while remaining clear to all users. It should be in the language of the country, when possible, using English characters. Addresses should not be punctuated and should be properly blocked. The MAPAD must contain the customer-within-country code and required addresses, i.e., for parcel post, freight, documentation, etc. If the MARK FOR addresses are not published in the MAPAD or are incomplete, submit new or changed addresses with a request for expedited publication to the Defense Automatic Addressing System Office, ATTN: MAPAD Custodian, Gentile Air Force Station, Dayton, OH 45444-5320. Furnish a copy to Deputy for Operations, U.S. Army Security Assistance Command, ATTN: AMSAC-OL-T, 3rd Street and M Avenue, Building 54, New Cumberland Army Depot, New Cumberland PA 17070-5096.

Block 34—

Enter the appropriate freight forwarder code contained in the MAPAD.

Block 35—

Enter the purchaser's using service code (e.g., Army "B"; Air Force "D"; Navy "P").

A1.A1.—Acceptance—

(This note is applicable to DD Forms 1513 for materiel assigned

delivery term codes 4 and 5; cases using a combination that includes lines for delivery term codes 4 and 5, 6, 7, 8, or 9; or MSA cases using delivery term code E). Upon acceptance of this offer, the purchaser is requested to complete the form as follows:

Column 19—

Enter one of the following codes opposite each materiel line item, as applicable:

**Table B-2
Standard codes**

Code	Explanation
A	Automatic shipment. Shipments will be released automatically by the shipping activity without advance notice of availability.
Y	Notice of availability. Advance notice is required before release of shipment. However, shipment can be released automatically if release instructions are not received by shipping activity within 15 calendar days. Parcel post shipments will be automatically released.
Z	Notice of availability. Advance notice is required before release of shipment. Shipping activity will follow up on the notice of availability until release instructions are furnished. Parcel post shipments will be automatically released.

Blocks 29, 30, 31, 32, 36, and 37—

Enter appropriate acceptance information.

Block 33—

Enter the MARK FOR Code from DOD 4000.25-8-M, Military Assistance Program Address Directory (MAPAD), that identifies the in-country organization which is to receive the materiel. It is used in addressing shipments. As a minimum, it should consist of the port of discharge name and designator (water or air); street, city, and state/province address of organization; country name; and country service name. All data needed by personnel at the port of exit, customs authorities at the port of discharge, and overseas inland carriers should be included in this address. It should be as brief as possible while remaining clear to all users. It should be in the language of the country, when possible, using English characters. Addresses should not be punctuated and should be properly blocked. The MAPAD must contain the customer-within-country code and required addresses, i.e., for parcel post, freight, documentation, etc. If the MARK FOR addresses are not published in the MAPAD or are incomplete, submit new or changed addresses with a request for expedited publication to the Defense Automatic Addressing System Office, ATTN: MAPAD Custodian, Gentile Air Force Station, Dayton, OH 45444-5320. Furnish a copy to Deputy for Operations, U.S. Army Security Assistance Command, ATTN: AMSAC-OL-S, 3rd Street and M Avenue, Building 54, New Cumberland Army Depot, New Cumberland PA 17070-5096.

Block 34—

Enter the appropriate freight forwarder code contained in the MAPAD.

Block 35—

Enter the purchaser's using service code (e.g., Army "B"; Air Force "D"; Navy "P").

A1.B.—Acceptance—

(Use on Taiwan cases only. It is applicable to DD Forms 1513S for materiel assigned delivery term codes 4 and 5, or cases using a combination that includes lines for delivery term codes 4, 5, and 8).

Upon acceptance of this offer, the purchaser is requested to complete the form as follows:

Column 17—

Enter one of the following codes opposite each materiel line item, as applicable:

**Table B-3
Standard codes**

Code	Explanation
A	Automatic shipment. Shipments will be released automatically by the shipping activity without advance notice of availability.
Y	Notice of availability. Advance notice is required before release of shipment. However, shipment can be released automatically if release instructions are not received by shipping activity within 15 calendar days. Parcel post shipments will be automatically released.
Z	Notice of availability. Advance notice is required before release of shipment. Shipping activity will follow up on the notice of availability until release instructions are furnished. Parcel post shipments will be automatically released.

Blocks 27, 28, 29, 30, and 35—

Enter appropriate purchaser acceptance information.

Block 31—

Enter the MARK FOR Code from DOD 4000.25-8-M, Military Assistance Program Address Directory (MAPAD), that identifies the in-country organization which is to receive the materiel. It is used in addressing shipments. As a minimum, it should consist of the port of discharge name and designator (water or air); street, city, and state/province address of organization; country name; and country service name. All data needed by personnel at the port of exit, customs authorities at the port of discharge, and overseas inland carriers should be included in this address. It should be as brief as possible while remaining clear to all users. It should be in the language of the country, when possible, using English characters. Addresses should not be punctuated and should be properly blocked. The MAPAD must contain the customer-within-country code and required addresses, i.e., for parcel post, freight, documentation, etc. If the MARK FOR addresses are not published in the MAPAD or are incomplete, submit new or changed addresses with a request for expedited publication to the Defense Automatic Addressing System Office, ATTN: MAPAD Custodian, Gentile Air Force Station, Dayton, OH 45444-5320. Furnish a copy to Deputy for Operations, U.S. Army Security Assistance Command, ATTN: AMSAC-OL-T, 3rd Street and M Avenue, Building 54, New Cumberland Army Depot, New Cumberland PA 17070-5096.

Block 32—

Enter the appropriate freight forwarder code contained in the MAPAD.

Block 33—

Enter the purchaser's using service code (e.g., Army "B"; Air Force "D"; Navy "P").

A1.B1.—Acceptance—

(Use on Taiwan cases only. It is applicable to DD Forms 1513S for materiel assigned delivery term codes 4 and 5; cases using a combination that includes lines for delivery term codes 4, 5, and 8; or MSA cases using delivery term code E). Upon acceptance of this offer, the purchaser is requested to complete the form as follows:

Column 17—

Enter one of the following codes opposite each materiel line item, as applicable:

**Table B-4
Standard codes**

Code	Explanation
A	Automatic shipment. Shipments will be released automatically by the shipping activity without advance notice of availability.
Y	Notice of availability. Advance notice is required before release of shipment. However, shipment can be released automatically if release instructions are not received by shipping activity within 15 calendar days. Parcel post shipments will be automatically released.
Z	Notice of availability. Advance notice is required before release of shipment. Shipping activity will follow up on the notice of availability until release instructions are furnished. Parcel post shipments will be automatically released.

Blocks 27, 28, 29, 30, and 35—

Enter appropriate purchaser acceptance information.

Block 31—

Enter the MARK FOR Code from DOD 4000.25-8-M, Military Assistance Program Address Directory (MAPAD), that identifies the in-country organization which is to receive the materiel. It is used in addressing shipments. As a minimum, it should consist of the port of discharge name and designator (water or air); street, city, and state/province address of organization; country name; and country service name. All data needed by personnel at the port of exit, customs authorities at the port of discharge, and overseas inland carriers should be included in this address. It should be as brief as possible while remaining clear to all users. It should be in the language of the country, when possible, using English characters. Addresses should not be punctuated and should be properly blocked. The MAPAD must contain the customer-within-country code and required addresses, i.e., for parcel post, freight, documentation, etc. If the MARK FOR addresses are not published in the MAPAD or are incomplete, submit new or changed addresses with a request for expedited publication to the Defense Automatic Addressing System Office, ATTN: MAPAD Custodian, Gentile Air Force Station, Dayton, OH 45444-5320. Furnish a copy to Deputy for Operations, U.S. Army Security Assistance Command, ATTN: AMSAC-OL-S, 3rd Street and M Avenue, Building 54, New Cumberland Army Depot, New Cumberland PA 17070-5096.

Block 32—

Enter the appropriate freight forwarder code contained in the MAPAD.

Block 33—

Enter the purchaser's using service code (e.g., Army "B"; Air Force "D"; Navy "P").

A1.C.—Acceptance—

(This note is applicable to DD Forms 1513-1 for materiel. If purchaser entry in column 20 is not desired, use note A1.G). Upon acceptance of this amendment, the purchaser is requested to complete the form as follows:

Column 20—

Enter one of the following codes opposite each materiel line item, as applicable:

Table B-5
Standard codes

Code	Explanation
A	Automatic shipment. Shipments will be released automatically by the shipping activity without advance notice availability.
Y	Notice of availability. Advance notice is required before release of shipment. However, shipment can be released automatically if release instructions are not received by shipping activity within 15 calendar days. Parcel post shipments will be automatically released.
Z	Notice of availability. Advance notice is required before release of shipment. Shipping activity will follow up on the notice of availability until release instructions are furnished. Parcel post shipments will be automatically released.

Blocks 29, 30, 31, and 32—

Enter appropriate acceptance information.

A1.D.—Acceptance—

(Use on amendments for Taiwan only. It is applicable to DD Forms 1513S-1 for materiel. If purchaser entry in column 18 is not desired, use note A1.H). Upon acceptance of this amendment, the purchaser is requested to complete the form as follows:

Column 18—

Enter one of the following codes opposite each materiel line item, as applicable:

Table B-6
Standard codes

Code	Explanation
A	Automatic shipment. Shipments will be released automatically by the shipping activity without advance notice of availability.
Y	Notice of availability. Advance notice is required before release of shipment. However, shipment can be released automatically if release instructions are not received by shipping activity within 15 calendar days. Parcel post shipments will be automatically released.
Z	Notice of availability. Advance notice is required before release of shipment. Shipping activity will follow up on the notice of availability until release instructions are furnished. Parcel post shipments will be automatically released.

Blocks 27, 28, 29, and 30—

Enter appropriate purchaser acceptance information.

A1.E.—Acceptance—

(This note is applicable to DD Forms 1513 for services, training, MSAs (other than those for delivery term code E), and FMSO I). Upon acceptance of this offer, the purchaser is requested to complete the form as follows:

Blocks 29, 30, 31, 32, 36, and 37—

Enter appropriate acceptance information.

Block 35—

Enter the purchaser's using service code: (e.g., Army "B"; Air Force "D"; and Navy "P").

A1.F.—Acceptance—

(Use on Taiwan cases only. It is applicable to DD Forms 1513S for services, training, MSAs (other than those for delivery term code E), and FMSO I). Upon acceptance of this offer, the purchaser is requested to complete the form as follows:

Blocks 27, 28, 29, 30, and 35—

Enter appropriate acceptance information.

Block 33—

Enter the purchaser's using service code: (e.g., Army "B"; Air Force "D"; and Navy "P").

A1.G.—Acceptance—

(This note is applicable to DD Forms 1513-1 for services and/or training or if no entry in column 20 is desired). Upon acceptance of this amendment, the purchaser is requested to enter appropriate purchaser acceptance information in blocks 29, 30, 31, and 32, DD Form 1513-1.

A1.H.—Acceptance—

(Use on amendments for Taiwan only. It is applicable to DD Forms 1513S-1 for services and/or training or if no entry in column 18 is desired). Upon acceptance of this amendment, the purchaser is requested to enter appropriate acceptance information in blocks 27, 28, 29, and 30, DD Form 1513S-1.

A1.I.—Acceptance—

(This note is applicable to DD Forms 1513 for materiel for which the preparing activity enters the code in column 19 of the DD Form 1513. Code "Z" for footnote T14.G (code 8), or code "X" for footnotes T14.E (code 6), T14.F (code 7), and T14.H (code 9) in column 19 of the DD Form 1513). Upon acceptance of this offer, the purchaser is requested to complete the form as follows:

Blocks 29, 30, 31, 32, 36, and 37—

Enter appropriate acceptance information.

Block 33—

Enter the MARK FOR code from DOD 4000.25-8-M, Military Assistance Program Address Directory (MAPAD), that identifies the in-country organization that is to receive the materiel. It is used in addressing shipments. As a minimum, it should consist of the port of discharge name and designator (water or air); street, city, and state/province organization; country name; and country service name. All data needed by personnel at the port of exit, customs authorities at the port of discharge and overseas inland carriers should be included in this address. It should be as brief as possible while remaining clear to all users. It should be in the language of the country, when possible, using English characters. Addresses should not be punctuated and should be properly blocked. The MAPAD must contain the customer-within-country code and required addresses, i.e., for parcel post, freight, documentation, etc. If the MARK FOR addresses are not published in the MAPAD or are incomplete, submit new or changed addresses with a request for expedited publication to the Defense Automatic Addressing System Office, ATTN: MAPAD Custodian, Gentile Air Force Station, Dayton, OH 45444-5320. Furnish a copy to Deputy for Operations, U.S. Army Security Assistance Command, ATTN: AMSAC-OL-T, 3rd Street and M Avenue, Building 54, New Cumberland Army Depot, New Cumberland, PA 17070-5096.

Block 34—

If column 19 of the DD Form 1513 is "Z," enter the appropriate freight forwarder code contained in the MAPAD. If column 19 is "X," enter code "X" or "W."

Block 35—

Enter the purchaser's using service code (e.g., Army "B"; Air Force "D"; and Navy "P").

A1.I1.—Acceptance—

(This note is applicable to DD Forms 1513 for materiel for which the preparing activity enters the code in column 19 of the DD Form 1513. Code "Z" for footnote T14.G (code 8), or code "X" for footnotes T14.E (code 6), T14.F (code 7), and T14.H (code 9) in column 19 of the DD Form 1513). Upon acceptance of this offer, the purchaser is requested to complete the form as follows:

Blocks 29, 30, 31, 32, 36, and 37—

Enter appropriate acceptance information.

Block 33—

Enter the MARK FOR code from DOD 4000.25-8-M, Military Assistance Program Address Directory (MAPAD), that identifies the organization in-country which is to receive the materiel. It is used in addressing shipments. As a minimum, it should consist of the port of discharge name and designator (water or air); street, city, and state/province organization; country name; and country service name. All data needed by personnel at the port of exit, customs authorities at the port of discharge, and overseas inland carriers should be included in this address. It should be as brief as possible while remaining clear to all users. It should be in the language of the country, when possible, using English characters. Addresses should not be punctuated and should be properly blocked. The MAPAD must contain the customer-within-country code and required addresses, i.e., for parcel post, freight, documentation, etc. If the MARK FOR addresses are not published in the MAPAD or are incomplete, submit new or changed addresses with a request for expedited publication to the Defense Automatic Addressing System Office, ATTN: MAPAD Custodian, Gentile Air Force Station, Dayton, OH 45444-5320. Furnish a copy to Deputy for Operations, U.S. Army Security Assistance Command, ATTN: AMSAC-OL-S, 3rd Street and M Avenue, Building 54, New Cumberland Army Depot, New Cumberland, PA 17070-5096.

Block 34—

If column 19 of the DD Form 1513 is "Z," enter the appropriate freight forwarder code contained in the MAPAD. If column 19 is "X," enter code "X" or "W."

Block 35—

Enter the purchaser's using service code (e.g., Army "B"; Air Force "D"; and Navy "P").

A1.J.—Acceptance—

(Use on Taiwan cases only. It is applicable to DD Forms 1513S for materiel for which the preparing activity enters the code in column 17 of the DD Form 1513S. Code "Z" for footnote T14G (code 8), or code "X" for footnotes T14.E (code 6), T14.F (code 7), and T14.H (code 9) in column 17 of the DD Form 1513S). Upon acceptance of this offer, the purchaser is requested to complete the form as follows:

Blocks 27, 28, 29, 30, and 35—

Enter appropriate purchaser acceptance information.

Block 31—

Enter the MARK FOR code from DOD 4000.25-8-M, Military Assistance Program Address Directory (MAPAD), that identifies the organization in-country which is to receive the materiel. It is used in addressing shipments. As a minimum, it should consist of the port of discharge name and designator (water or air); street, city, and state/province organization; country name; and country service name. All data needed by personnel at the port of exit, customs authorities at the port of discharge, and overseas inland carriers should be included in this address. It should be as brief as possible while remaining clear to all users. It should be in the language of

the country, when possible, using English characters. Addresses should not be punctuated and should be properly blocked. The MAPAD must contain the customer-within-country code and required addresses, i.e., for parcel post, freight, documentation, etc. If the MARK FOR addresses are not published in the MAPAD or are incomplete, submit new or changed addresses with a request for expedited publication to the Defense Automatic Addressing System Office, ATTN: MAPAD Custodian, Gentile Air Force Station, Dayton, OH 45444-5320. Furnish a copy to Deputy for Operations, U.S. Army Security Assistance Command, ATTN: AMSAC-OL-S, 3rd Street and M Avenue, Building 54, New Cumberland Army Depot, New Cumberland, PA 17070-5096.

Block 32—

If column 17 of the DD Form 1513S is "Z," enter the appropriate freight forwarder code contained in the MAPAD. If column 17 is "X," enter code "X" or "W."

Block 33—

Enter the purchaser's using service code (e.g., Army "B"; Air Force "D"; and Navy "P").

A2.—Additions—

Item(s) (line item number(s)) added because it is/they are essential to the operation or maintenance of item (line item number(s)).

A3.A.—Administrative charge—

(This note is applicable to materiel and service/training cases for Canada and Germany). Payment of the administrative charge as set forth herein will be made on condition that such payment will be refunded by the Government of the United States if applicable U.S. law is amended to permit conclusion of a refund agreement.

A3.B.—Administrative charge—

A one-time nonrefundable administrative surcharge is assessed on the on-hand portion (part A) of this case. When any adjustment results in an increase to the current year materiel value of the case, an additional charge shall be computed on the difference between the current year materiel value and the new higher materiel value. This charge is applied even though a higher part A level may have existed in a prior year.

A3.C.—Administrative charge (cancellations)—

(Use on defined order cases for both standard and nonstandard materiel/services implemented after 1 Oct 77). In the event this entire sale/case is cancelled by the purchaser any time prior to the delivery of all articles and/or services involved, the cancellation charge will be the greater of 5 percent of the actual value or 2½ percent of the total estimated articles/services ordered value on the LOA at closure for line item(s) (line item number(s)) and the greater of 3 percent of the actual delivered articles/services value or 1½ percent of the estimated articles/services ordered value of the LOA at closure for line item(s) (line item numbers(s)).

A3.D.—Administrative charge (cancellations)—

(Use on defined order cases for standard materiel/services implemented after 1 Oct 77). In the event this entire sale/case is cancelled by the purchaser any time prior to the delivery of all articles and/or services involved, the cancellation charge will be the greater of 3 percent of the actual delivered articles/services value or 1½ percent of the estimated articles/services ordered value of the LOA at closure.

A3.E.—Administrative charge (cancellations)—

(Use on defined order cases for nonstandard materiel/services). In the event this entire sale/case is cancelled by the purchaser any time prior to the delivery of all articles and/or services involved, the cancellation charge will be the greater of 5 percent of the actual value or 2½ percent of the total estimated articles/services ordered value of the LOA at closure.

A3.F.—Administrative charge (cancellations)—

(Use on blanket order and FMSO II cases implemented after 1 Oct 77). In the event this entire sale/case is cancelled by the purchaser any time prior to the delivery of all articles and/or services involved, the cancellation charge will be 3 percent assessed on the actual delivered articles/services value at closure.

A3.G.—Administrative charge (cancellations)—

(Use on FMSO I cases). In the event this entire sale/case is cancelled by the purchaser prior to expiration, the termination liability procedures identified in Annex C, Additional Terms and Conditions to DD Forms 1513 for FMSO I, apply.

A3.H.—Administrative charge (cancellations)—

(Use on defined order cases for both standard and nonstandard materiel/services implemented before 1 Oct 77). In the event this entire sale/case is cancelled by the purchaser any time prior to the delivery of all articles and/or services involved, the cancellation charge will be the greater of 5 percent of the actual value or 2½ percent of the total estimated articles/services ordered value of the LOA at closure for line item(s) (line item numbers(s)) and the greater of 2 percent of the actual delivered articles/services value or 1 percent of the estimated articles/services ordered value of the LOA at closure for line item(s) (line item numbers(s)).

A3.I.—Administrative charge (cancellations)—

(Use on defined order cases for standard materiel/services implemented before 1 Oct 77). In the event this entire sale/case is cancelled by the purchaser any time prior to the delivery of all articles and/or services involved, the cancellation charge will be the greater of 2 percent of the actual delivered articles/services value or 1 percent of the estimated articles/services ordered value of the LOA at closure.

A3.J.—Administrative charge (cancellations)—

(Use on blanket order and FMSO II cases implemented before 1 Oct 77). In the event this entire sale/case is cancelled by the purchaser any time prior to the delivery of all articles and/or services involved, the cancellation charge will be 2 percent assessed on the actual delivered articles/services value at closure.

A4.—Advance notification of shipment—

(Use on maintenance support arrangement cases). Prior to the shipment of the reparable items by the purchaser, notification will be furnished to Commander, (originating command) with information copies to Deputy for Operations, U.S. Army Security Assistance Command, ATTN: AMSAC—(enter OE or OX based on appropriate region), 3rd Street and M Avenue, Building 54, New Cumberland Army Depot, New Cumberland, PA 17070-5096, and the receiving depots. The advance notification of shipment data must contain the turn-in document number, case designator, item serial number, commercial bill of lading, carrier, mode of shipment, date of departure from country, and estimated date of arrival at the receiving depot. Those data are essential to assure effective control of your materiel.

A5.—Advance party—

An advance party of (enter number of personnel) will be available to deploy in approximately (enter number of days) after case implementation for (enter time period) to provide assistance in making arrangements for the main party.

A6.—Adverse conditions—

In the event the U.S. Government determines that, due to war, armed conflict, insurrection, civil or military strife, or other adverse conditions, the safety, health, or welfare of the U.S. Government and contractor personnel is threatened, the purchaser shall be responsible for any additional costs incurred by the U.S. Government to retain such personnel or secure replacements thereof, as applicable. In lieu of retention or replacement, the U.S. Government may elect to terminate the services being provided by those personnel. Whether to retain, replace, or terminate services of such personnel

under the foregoing circumstances shall be within the sole discretion of the U.S. Government.

A7.—Advice code (commercial availability)—

Deleted.

A8.—

Notes A8.A—A8.F apply to agent fees or commissions that have been identified.

A8.A.—Agent fees and commissions—

Acceptance of the Letter of Offer and Acceptance constitutes approval of the fees and commissions specified.

Agent's Name:

Address:

Fee \$:

a. This fee is not based on a percentage of the sale price.

b. Appropriate officials within the U.S. DOD consider the fee to be fair and reasonable.

A8.B.—Agent fees and commissions—

Acceptance of the Letter of Offer and Acceptance constitutes approval of the fees and commissions specified.

Agent's Name:

Address:

Fee \$:

a. This fee is not based on a percentage of the sale price.

b. A portion of the proposed fee (enter the amounts or percentage) is considered fair and reasonable, (provide rationale).

A8.C.—Agent fees and commissions—

Acceptance of the Letter of Offer and Acceptance constitutes approval of the fees and commissions specified.

Agent's Name:

Address:

Fee \$:

a. This fee is not based on a percentage of the sale price.

b. The U.S. Government cannot determine the reasonableness of the proposed fee.

A8.D.—Agent fees and commissions—

Acceptance of the Letter of Offer and Acceptance constitutes approval of the fees and commissions specified.

Agent's Name:

Address:

Fee \$:

a. This fee is based on (percentage) of the sale price.

b. Appropriate officials within the U.S. DOD consider the fee to be fair and reasonable.

A8.E.—Agent fees and commissions—

Acceptance of the Letter of Offer and Acceptance constitutes approval of the fees and commissions specified.

Agent's Name:

Address:

Fee \$:

a. This fee is based on (percentage) of the sale price.

b. A portion of the proposed fee (enter the amounts or percentage) is considered fair and reasonable.

A8.F.—Agent fees and commissions—

Acceptance of the Letter of Offer and Acceptance constitutes approval of the fees and commissions specified.

Agent's Name:

Address:

Fee \$:

a. This fee is based on (percentage) of the sale price.

b. The U.S. Government cannot determine the reasonableness of the proposed fee

A8.G.—Agent fees and commissions—

There are no known agent fees or commissions at this time. Should such be identified at a later date, the purchaser will be advised accordingly.

A8.H.—Agent fees and commissions—

(This note is required on all LOAs to the Governments of AT, EG, GR, IS, JA, JO, KS, KU, PK, PI, TH, TK, TC, or VE, unless fees or commissions have been previously identified and approved.) All U.S. Government contracts resulting from the Letter of Offer and Acceptance shall contain one of the following provisions, unless commissions and fees have been identified and payment approved, in writing, by the purchasing government before contract award.

a. For firm fixed price contracts or fixed price contracts with economic price adjustment: "The contractor certifies that the contract price (including any subcontracts awarded hereunder) does not include any direct or indirect costs of sales commissions or fees for contractor sales representatives for the solicitation or promotion or otherwise to secure the conclusion of the sale of any of the supplies or services called for by this contract to the Government of (country)."

b. For all other types of contracts: "Notwithstanding any other provision of this contract any direct or indirect costs or sales commissions or fees for contractor (or subcontractor) sales representatives for the solicitation or promotion or otherwise to secure the conclusion of the sale of any of the supplies or services called for by this contract to the Government of (country) shall be considered as an unallowable item of cost under this contract."

A8.I.—Agent fees and commissions—

(Required on all LOAs for Saudi Arabia, unless agent fees or commissions have been previously identified and approved by the Government of Saudi Arabia). All U.S. Government contracts resulting from this Offer and Acceptance shall contain one of the following provisions, unless laws of the Kingdom of Saudi Arabia call for prescribing sales commissions or agent's fees and payment thereof is approved in writing by the Saudi Arabian Government before contract award:

a. For firm fixed price contracts or fixed price contracts with economic price adjustment: "The contractor certifies that the contract price (including any subcontracts awarded hereunder) does not include any direct or indirect costs of sales commissions or fees for contractor sales representatives for the solicitation or promotion or otherwise to secure the conclusion of the sale of any of the supplies or services called for by this contract to the Government of Saudi Arabia."

b. For all other types of contracts: "Notwithstanding any other provision of this contract any direct or indirect costs or sales commissions or fees for contractor (or subcontractor) sales representatives for the solicitation or promotion or otherwise to secure the conclusion of the sale of any of the supplies or services called for by this contract to the Government of Saudi Arabia shall be considered as an unallowable item of cost under this contract."

A8.J.—Agent fees and commissions—

(Required on all LOAs for Taiwan unless agent fees or commissions have previously been identified and approved by the Government of Taiwan). All U.S. Government contracts resulting from the Letter of Offer and Acceptance shall contain one of the following provisions, unless fees and commissions have been identified and payment approved, in writing, by Taiwan before contract award:

a. For firm fixed price contracts or fixed price contracts with economic price adjustment: "The contractor certifies that the contract price (including any subcontracts awarded hereunder) does not include any direct or indirect costs of sales commissions or fees for contractor sales representatives for the solicitation or promotion or otherwise to secure the conclusion of the sale of any of the supplies or services called for by this contract to Taiwan."

b. For all other types of contracts: "Notwithstanding any other

provision of this contract any direct or indirect costs or sales commissions or fees for contractor (or subcontractor) sales representatives for the solicitation or promotion or otherwise to secure the conclusion of the sale of any of the supplies or services called for by this contract to Taiwan shall be considered as an unallowable item of cost under this contract."

A9.—Ammunition (25mm)—

Purchaser agrees not to use the ammunition, hardware, or data accompanying the ammunition as a basis of manufacture.

A10.—Annotation—documents and containers—

(Use on MSA cases). Documentation and containers for materiel being shipped to repair facility will be clearly annotated "Repair and Return—DO NOT POST TO RECORD."

A11.—Area clearances—

Prior to team arrival, the purchaser will arrange and publish area clearances for team visits to all agencies, offices, activities, training installations, and training sites required for duration of team visit.

A12.—Armament subsystem—

The helicopter(s) offered herein is (are) described in TM (TM number) Operator's Manual, Army Model (model number) Helicopters, Current Series. Unless specifically listed hereon by nomenclature, national stock number, etc., no loose equipment is offered nor implied. The helicopter is fitted with attaching points for subsystems; however, no subsystems or kits, unless listed, are furnished with the basic aircraft. Should purchaser desire armament, as described in the TM, a separate Foreign Military Sales case is required.

A13.A.—As is condition—

a. Materiel to be supplied on this case is offered in "as is—where is" condition and may not meet serviceability standards normally prescribed by the U.S. Army for sale to security assistance purchasers. Preservation and packaging will be the minimum necessary for safety and to reduce further deterioration during the shipment. Materiel may be missing basic issue items and accessories; be in excess of hour/mileage standards; and may not have applicable publications/records. Acceptance of this offer constitutes acceptance of the materiel in the condition cited. Acceptance of this offer does not imply or commit the U.S. Government to accept separate requests for rehabilitative services, supply of shortages, or future supportability. These services will be provided only if available within the sources of the U.S. Army at the time a request is made by the purchaser.

b. The conditions cited in the last three sentences of paragraph B.6 of annex A (General Conditions) of this LOA are deleted and amended to show that the purchaser, in accepting this FMS case, waives the right to submit claims for materiel stated herein against the U.S. Government through the Department of Defense report of discrepancy process.

A13.A1.—As is condition—

a. Materiel to be supplied on this case is offered in "as is—where is" condition and may not meet serviceability standards normally prescribed by the U.S. Army for sale to security assistance purchasers. Preservation and packaging will be the minimum necessary for safety and to reduce further deterioration during the shipment. Materiel may be missing basic issue items and accessories; be in excess of hour/mileage standards; and may not have applicable publications/records. Acceptance of this offer constitutes acceptance of the materiel in the condition cited. Acceptance of this offer does not imply or commit the U.S. Government to accept separate requests for rehabilitative services, supply of shortages, future supportability, or training. These services will be provided only if available within the sources of the U.S. Army at the time a request is made by the purchaser.

b. The conditions cited in the last three sentences of paragraph B.6 of annex A (General Conditions) of this LOA are deleted and amended to show that the purchaser, in accepting this FMS case,

waives the right to submit claims for materiel stated herein against the U.S. Government through the Department of Defense report of discrepancy process.

A13.B.—As is condition—

Item(s) offered on this case in “as is” condition will show visible signs of corrosion and various shades of paint but item(s) is/are serviceable and structurally sound. If sand blasting and/or painting to improve appearance is required, the cost involved must be borne by the purchaser, and an additional lead time of 2 to 6 months will apply. These costs and lead times have not been included in (enter “columns 17 and 18, DD Form 1513” or “columns 18 and 19, DD Form 1513-1” or for Taiwan enter “columns 15 and 16, DD Form 1513S” or “columns 16 and 17, DD Form 1513S-1”). Estimated costs for sand blasting and/or painting will be furnished upon request.

A13.C.—As is condition—

Materiel offered in line (line item number(s)) will not be shipped until completion of inspection offered as line (line number for inspection team) and described in note (number for note 17). If, as a result of the inspection, the purchaser elects not to accept the “as is” materiel, formal advice must be submitted through normal channels so that line (number for “as is” materiel) can be deleted. Administrative charges still apply. This note does not apply if the purchaser declines line (number for inspection team).

A14.—Assembly shipments—

Materiel in line item(s) (line item number(s)) will be handled as an assembly shipment. Billing for materiel costs, packing, crating, and handling, and CONUS inland transportation from the storage location (depots) to the assembly depot will be initiated at the time materiel is moved to the assembly depot. DD Form 645, prepared by the Security Assistance Accounting Center, Lowry AFB, CO, will depict these deliveries in column 9. An estimated assembly or packing cost of (dollar amount) representing costs incurred at the assembly or packing depot, excluding accessorial charges, is shown in (enter “Block 25, DD Form 1513” or “Block 26, DD Form 1513-1” or for Taiwan enter “Block 23, DD Form 1513S” or “Block 24, DD Form 1513S-1”). The purchaser will be billed only to the extent that costs are incurred by the U.S. Government. Normal accessorial charges applicable according to the delivery terms and mode of shipment will be billed when the materiel is moved from the assembly or packing depot to the purchaser.

A15.A.—Associated FMSO—

This (offer/amendment) is placed in conjunction with provisions of FMSO II, (case identifier), which is for the period (timeframe).

A15.B.—Associated FMSO—

This (offer/amendment) is issued in conjunction with provisions of FMSO I, (case identifier), and provides the purchaser with withdrawals of materiel from the U.S. Army supply system for the period (timeframe).

A16. —Assumption of Risk—ammunition—

(Use on all cases offering ammunition regardless of source of supply). The U.S. Government is a self-insurer, and, in this connection, your attention is invited to paragraphs A.1 and A.2 of annex A (General Conditions) to this Letter of Offer and Acceptance. The DOD shall employ the same inspection procedures for this ammunition as would be used in the procurement of this type of ammunition for itself. Lot production of ammunition, however, carries risks associated with the ammunition’s resultant performance. This risk is assumed by the U.S. Government in procurement for its own use, and this risk is also assumed by the purchaser in procurement for its use under this LOA. Accordingly, financial restitution will not be made for claims made on SF 364, Report of Discrepancy (ROD) (see paragraph B.6 of annex A) for ammunition deficiencies unless such claims involve damage due to U.S. Government actions with

respect to compliance with applicable inspection criteria and procedures, or U.S. Government actions with respect to packing, crating, handling, or transportation, or unless the U.S. Government can obtain equal restitution from its contractor.

A17.A.—Automatic distribution—

Automatic distribution through initial distribution is not authorized on this case.

A17.B.—Automatic distribution—

Automatic distribution through initial distribution is authorized. In some instances initial distribution is by series rather than specific publication. If delivery under this arrangement is selected, it is agreed that the purchaser will accept delivery of all publications furnished under this system.

A18.A.—Availability lead time—

The availability lead time reflected in column 18 of the DD Form 1513 represents the time from date the case is implemented to the date items are to be made available to transportation.

A18.B.—Availability lead time—

(Use on Taiwan cases only). The availability lead time reflected in column 16 of the DD Form 1513S represents the time from date the case is implemented to the date items are to be made available to transportation.

A18.C.—Availability lead time—

The availability lead time reflected in column 19 of the DD Form 1513-1 represents the time from the date the amendment is implemented to the date items are to be made available to transportation.

A18.D.—Availability lead time—

(Use on amendments for Taiwan only). The availability lead time reflected in column 17 of the DD Form 1513S-1 represents the time from the date the amendment is implemented to the date items are to be made available to transportation.

A18.E.—Availability lead time—

The availability lead time reflected in column 19 of the DD Form 1513-1 is computed from the date of implementation of the original Letter of Offer and Acceptance.

A18.F.—Availability lead time—

(Use on amendments for Taiwan only). The availability lead time reflected in column 17 of the DD Form 1513S-1 is computed from the date of implementation of the original Letter of Offer and Acceptance.

A18.G.—Availability lead time—

The availability lead time reflected in column 18 of the DD Form 1513-2 is computed from the date of implementation of the original Letter of Offer and Acceptance.

A18.H.—Availability lead time—

(Use on modifications for Taiwan only). The availability lead time reflected in column 14 of the DD Form 1513S-2 is computed from the date of implementation of the original Letter of Offer and Acceptance.

A18.I.—Availability lead time—

(Use on blanket order cases). Unless stocks are available above the reorder point quantity, availability lead time will vary based upon actual procurement lead time of the item(s) requested from time of requisition receipt.

A18.J.—Availability lead time—

It is estimated that item(s) (line item number(s)) will be supplied from stock within (number of months) or from procurement with lead time of (number of months), depending on the stock position at

the time of implementation. Materiel may be new, used or rehabilitated, but in any case it will meet appearance and serviceability standards required for issue to the U.S. Army.

A18.K.—Availability lead time—

Item(s) (line item number(s)) is/are scheduled to be supplied from stock. The lead time quoted is to allow for the time required to assemble the components into their final configuration.

A18.L.—Availability lead time—

Item(s) (line item number(s)) is/are scheduled to be supplied from stock. The lead time quoted is to allow for the time required to arrange for a replacement item.

A19.—Availability/nonavailability of bachelor government quarters—

(Required on all training cases). Availability of U.S. Government quarters (BOQ, BEQ) is not guaranteed. If available, students will be responsible for payment of custodial fees. If not available, students will be responsible for arranging and paying for off-post accommodations, to include transportation to and from the training activity.

A20.—Availability/nonavailability of Government family housing —

U.S. Government family housing is not normally available at training activities. Students accompanied by dependents will be responsible for the arrangement for and the payment of off-post family accommodations to include transportation to and from the training activity. Students with authorized accompanying dependents may occupy Government family housing only after a determination has been made that U.S. military requirements are satisfied and will be satisfied for projected duration of students' occupancy. The student is responsible for payment of monthly rental fee. The amount charged will be costs incurred by Army incident to operation and maintenance of Government family units.

A21.—Availability of equipment for training—

The purchaser is to obtain or provide access to storage areas, depots, etc., to team members so they can identify and obtain systems, parts, ammunition, test sets, tools, etc., in support of training.

A22.—Availability of training—

(Use on cases for OJT or observer training only). Actual availability of training specified in purchaser's request will depend on U.S. Government capability to furnish in relation to worldwide requirements. On confirmation of firm dates, the purchaser will be notified.

B1.A.—Basic issue items—

Basic issue items (BII) and communications equipment may be supplied from new, used, or rehabilitated stocks, or from new procurement and may be intermingled, but in any case will meet serviceability and appearance standards required for issue to the U.S. Army.

B1.B.—Basic issue items—

Items of aircraft loose equipment or basic issue items (BII) are identified in (appendix number) to (TM number). The Aircraft Inventory Record (DA Form 2408-17) contained in the aircraft is used to record all equipment issued to the aircraft at time of shipment.

C1.A.—Calibration requirements—

Contained within the materiel offered are critical items for which calibration is required. It is of the utmost importance that timely and accurate calibration be performed on these items so as to ensure precise and correct measuring/testing. Periodic calibration of applicable tools and test equipment is required to assure continued conformity with maintenance specifications and safety requirements, and will improve the end item serviceability throughout its life cycle. The necessary test, measurement, and diagnostic equipment (TMDE) is available to properly provide calibration support for

these critical items. In the event the purchaser has neither an organic capability nor an available commercial source, the U.S. Government can consider through normal foreign military sales channels a request for the TMDE and training required to ensure that these critical items do not cause degradation of equipment operational readiness.

C1.B.—Calibration requirements—

The materiel offered, or the tools and test, measurement, and diagnostic equipment (TMDE) for maintenance support, contains critical items that require calibration. A listing of such materiel and/or services to include training can be developed for the purchaser upon request.

C2.—Cancellation/attrition—

(Use on all training cases). Any training space within the U.S. Army school system, allocated and scheduled within the contents of this offer, must be used or the appropriate local U.S. representative must be notified, in writing, of nonuse at least 60 days in advance of the scheduled class start date. Failure to comply will result in an assessment against this offer of 50 percent of the course cost for the initial course or phase for a student. Further, purchaser will be assessed a pro rata amount of the course cost (but no less than 50 percent) for any student who commences the course who, for whatever reason, fails to complete the course.

C3.—Cancellation of requirements (training)—

In the event a training course is discontinued without a suitable replacement and/or no economic source (contractor or other service) is available, the requirement will be cancelled and the purchaser will be notified.

C4.—Case management—

Estimated charges reflected are for extraordinary costs that must be incurred to execute this case. These charges are for (specify what the charges include). This line does not include functions/costs covered by the FMS administrative fee.

C5.—Change in freight forwarder—

It is recommended that contract agreements between purchaser and freight forwarder include a special clause for an additional 30-60 days' service to handle materiel shipments en route to freight forwarders on date contracts will terminate. The intent of this special clause is to preclude the misdirection and mishandling of the purchaser's materiel due to any change in freight forwarder.

C6.—Change in repair depot—

(Use on MSA cases). The U.S. Government will make its best efforts to advise your customer representative when the depot that will repair the materiel is different from that shown on the projected list.

C7.—Charges for supply support—

(Use on FMSO I cases). The supply support charges shown in block 25 include (dollar amount) retained from amendment (number of amendment).

C8.A.—Charges subject to waiver—

(Use on cases for Portugal and Turkey when nonrecurring costs, asset use, tooling rental and/or royalty charges are to be waived). The following charges are subject to waiver and have not been included in the case: (Enter description of charges, the item(s) or service(s) involved, and the amount of each charge). DSAA has been requested to waive these charges, and the waiver is being processed concurrently. If the waiver is denied, a DD Form 1513-2 will be issued to add the charges.

C8.B.—Charges subject to waiver—

(Use on cases for the United Kingdom when nonrecurring cost and asset use charges have been requested to be waived). The following charges have been included: (Enter description of charges, the

item(s) or service(s) involved, and the amount of each charge). DSAA has been requested to waive these charges. Upon approval of the waiver, a DD Form 1513-2 will be processed to delete the charges.

C8.B1.—Charges subject to waiver—

(Use on cases for the United Kingdom when nonrecurring cost and asset use charges have been requested to be waived). The following charges have been included: (Enter description of charges, the item(s) or service(s) involved, and the amount of such charge). If DSAA is requested to waive these charges, a DD Form 1513-2 will be processed to delete the charges upon approval of the waiver.

C9.—Classrooms for training—

Classrooms will contain sufficient electrical outlets (with converters to adapt to U.S. AC/DC electrical equipment if necessary) to support training and to be equipped with necessary audio visual support. Classrooms must be sufficiently illuminated to facilitate instruction and have capability to be darkened to permit use of training aids. Each student and instructor is to have a table/desk, chair, and sufficient office supplies to support instruction.

C10.—Commercial equipment/spares—

Equipment being offered on____ (“this case” or “line item number”) is commercial type equipment not utilized by the U.S. Army. Equipment and initial support, spare engines, spare parts, associated equipment, and training will be 100 percent contractor furnished. Range and depth of future support cannot be determined by the U.S. Army.

C11.—Components of sets/kits/outfits (SKOs)—

SKOs supplied reflect the latest U.S. configuration as shown in supply catalogs at time of procurement/assembly. However, the packing list included with the SKOs shall govern as to contents shipped. Quantities may not be supplied from the same production run. There may be minor variances in some of the items as a result of engineering change orders applied during the assembly and/or local procurement of component items. These variances, if any, will not affect the intended use. Significant changes will be the subject of amendments or modifications.

C12.A.—Concurrent spare parts—

Concurrent spare/repair parts are shipped as they become available, with the final shipment anticipated no later than the lead time indicated. Repair parts may be furnished from either new, unused, or overhauled stocks, and they may be intermingled. All repair parts will meet U.S. troop standards of serviceability. The lead time shown will be computed from the date the U.S. Army receives your marked up and approved listing. The U.S. Army will use its best efforts to ensure that at least 75 percent of the concurrent spare parts support is made available prior to release of the end item. If this is not possible, a waiver for release of the supported end item may be required. It should be recognized that failure to purchase concurrent spare parts offered may result in poor maintenance and unacceptable failure rates of the end items they support.

C12.A1.—Concurrent spare parts—

Concurrent spare parts are shipped as they become available, with the final shipment anticipated no later than the lead time indicated. Parts may be furnished from either new, unused, or overhauled stocks, and they may be intermingled. All parts will meet U.S. troop standards of serviceability. The U.S. Army will use its best efforts to ensure that at least 75 percent of the support is made available prior to release of the end item. If this is not possible, a waiver for release of the supported end item may be required. It should be recognized that failure to purchase concurrent spare parts offered may result in poor maintenance and unacceptable failure rates of the end items they support.

C12.B.—Concurrent spare parts—

(Use on cases offering concurrent spare parts from the SDAF). Due

to the shortened lead time for delivery of item(s) (line item number(s)) from the SDAF inventory, concurrent spare parts lists for the item(s) will not be provided for your review unless specifically requested. The lead time shown is computed from date the case is implemented to the date items are to be available to transportation. If review of the lists is required, the lead time will be computed from the date the U.S. Army receives your marked up and approved listing. Delivery of the end items may, therefore, be delayed. Parts furnished may be either new, unused, or overhauled, and they may be intermingled. All repair parts will meet U.S. troop standards of serviceability.

C12.C.—Concurrent spare parts—

(Use when concurrent spare parts listings are furnished with the case). The concurrent spare parts listing(s) for line(s) (line item number(s)) is/are provided with this case. The purchaser should review and annotate items needed to fulfill his support requirements. The marked up listing(s) will be returned with the accepted copy of the case sent to the U.S. Army Security Assistance Command, Alexandria, VA. The listing(s) will be validated and the LOA modified, if necessary.

C12.D.—Concurrent spare parts—

(Use when concurrent spare parts listings are not furnished with the case). The concurrent spare parts listing(s) for line(s) (line item number(s)) is/are not available to be sent concurrently with this case because (give reason—e.g., new item of supply and provisioning has not been completed). As soon as the listings are developed, they will be forwarded to the purchaser for review. The lead time cited is a preliminary estimate and is subject to adjustment based upon when the listing is furnished and your marked up and approved listing is received.

C13.—Concurrent spare parts/ancillary items—

Concurrent spare parts and/or ancillary items applicable to item(s) (line item number(s)) are not offered because (give reason).

C14.—Consolidation of requirements—

To the extent practicable, the purchaser is encouraged to accumulate, consolidate, and project future requirements to eliminate the costly processing of low value requisitions. The minimum requisition value recommended by the Commander, U.S. Army Security Assistance Command, is \$100; however, submission of requisitions of lesser value is acceptable.

C15.—Contingency line for Saudi Arabia—

(Applicable to Saudi Arabia only). Upon determination by the U.S. Army that the total case value, less the contingency line value, has been exceeded, a DD Form 1513-1 will be prepared and forwarded through the appropriate U.S. advisory element to the customer. This DD Form 1513-1 will reflect increase(s) to the appropriate line(s) and will reflect a like decrease to the contingency line. Contingency funds will not be used without specific prior approval of (enter appropriate approval authority furnished in LOA tasker) or his designated representative. Authorized signature on the DD Form 1513-1 indicates approval to use funds from the contingency line.

C16.—Continuity of support—

In order to allow for continued submission of requisitions by your Government and to provide for the close-out of expired FMSO II in accordance with the basic arrangement, the following explanation is furnished:

a. This FMSO II supersedes case (case identifier) accepted (acceptance date).

b. Requisitioning against case (case identifier) will terminate (date case will terminate).

C17.—Contractor furnished equipment—

The equipment to be provided by this Letter of Offer and Acceptance will have contractor furnished components as a result of the

delivery date(s) required by the purchaser. The purchaser must understand that when contractor furnished components are provided, the form, fit, and function are identical to standard military configuration; however, internal make-up, spare parts, and manuals in support thereof may not be identical to those of the military configuration.

C18.—

Use note C18.A, C18.B, C18.C, or F1.B on all standard equipment cases requiring follow-on support.

C18.A.—Cooperative Logistics Supply Support Arrangements (CLSSA)—

Full utilization of a CLSSA is dependent upon action taken to establish a CLSSA at least one procurement lead time before requisitioning is anticipated. Since the average procurement lead time for the repair parts to support this materiel is (number of months), a Foreign Military Sales Order I (FMSO I) pipeline case should be established (number of months) prior to scheduled delivery of this (these) item(s). Request, upon acceptance of this case, an indication as to whether utilization of a CLSSA is desired so that an offer may be provided at the appropriate time.

C18.B.—Cooperative Logistics Supply Support Arrangements (CLSSA)—

Full utilization of a CLSSA is dependent upon action taken to add new items to an existing CLSSA at least one procurement lead time before replenishment requisitioning is anticipated; therefore, action has been taken to add this (these) item(s) to your existing CLSSA.

C18.C.—Cooperative Logistics Supply Support Arrangements (CLSSA)—

These items significantly increase the density of a like item supported under an existing CLSSA; therefore, this increased density will be reflected in the next renegotiation of your existing CLSSA.

C19.—Correspondence courses—

Application for enrollment in U.S. Army correspondence courses under the security assistance training program should be made using DA Form 145, which should be submitted to Commander, U.S. Army SATFA, ATTN: ATFA-P, 2017 Cunningham Drive, 4th Floor, Hampton, VA 23666. On verification that sufficient funding is available to purchase the requested course(s), full shipment of all subcourses will be made to the U.S. official who approved the DA Form 145. Questions regarding administration, missing subcourses, or other materials should be addressed to the U.S. Army activity that provides the correspondence course. Questions regarding the financial management of this case should be directed to the SATFA office cited in this note.

C20.—Course availability—

Courses and quantities specified on attached listing, annex C, show training requested by country; however, actual availability will depend on capability to furnish the training in relation to worldwide requirements. Upon confirmation of firm class schedules, your Government will be notified of the availability of course report and end dates.

C21.—Customs clearances—

The purchaser will arrange for timely customs clearance, to and from country, for all items of equipment, materiel, and references required for support of the training mission.

D1.—Delegation of authority—

Signature in block 4 of this DD Form (enter 1513 or 1513S) constitutes approval of the transfer of defense articles and services under section 782(a), DOD Appropriations Act 1982, PL 97-114 (or whatever designation this authority may be given in future appropriation acts).

D2.—Delivery schedule—

Line item(s) (line item number(s)) will be available in increments. The following schedule applies:

D3.A.—Delivery term code (column 20, DD Form 1513)—

For definition of delivery term codes, see DOD 4500.32-R MILSTAMP, appendix M, figure M-1.

D3.B.—Delivery term code (column 18, DD Form 1513S)—

(Use on Taiwan cases). For definition of delivery term codes, see DOD 4500.32-R MILSTAMP, appendix M, figure M-1.

D3.C.—Delivery term code (column 20, DD Form 1513)—

(Use on FMSO II cases for Germany). For definition of delivery term codes, see DOD 4500.32-R MILSTAMP, appendix M, figure M-1. FOB origin (code 4).

D3.D.—Delivery term code (column 20, DD Form 1513)—

(Use on FMSO II cases for Canada). For definition of delivery term codes, see DOD 4500.32-R, MILSTAMP, appendix M, figure M-1. FOB origin (code 4); requisitions for unclassified items. For all requirements for which air shipment is desired, purchaser must prepare and submit MILSTRIP requisition A05 document containing the following exception data: "Air Shipment Authorized." The cost over and above the normal accessorial costs listed herein will be borne by the purchaser and billed after delivery.

D3.E.—Delivery term code (column 21, DD Form 1513-1)—

For definition of delivery term codes, see DOD 4500.32-R MILSTAMP, appendix M, figure M-1.

D3.F.—Delivery term code (column 19, DD Form 1513S-1)—

(Use on amendments for Taiwan). For definition of delivery term codes, see DOD 4500.32-R MILSTAMP, appendix M, figure M-1.

D3.G.—Delivery term code for sensitive items—

National stock numbers (NSNs) for sensitive items supplied under this LOA are identified below. Delivery term code (DTC) must be used when requisitioning the item(s) and will be entered in card column 34 of the DD Form 1348-1 upon submission to the Deputy for Operations, U.S. Army Security Assistance Command, ATTN: AMSAC—(enter OE or OX based on appropriate region), 3rd Street and M Avenue, Building 54, New Cumberland Army Depot, New Cumberland, PA 17070-5096. The following NSNs apply:

D4.—Depleted uranium—

(Use on cases which offer 105mm/120mm munitions with DU penetrators). This munitions item contains a penetrator made from depleted uranium. If fired against hard targets, up to 60 percent of the uranium may be discharged in aerosol form. If multiple rounds are fired into hard targets within a small area, precautions should be taken to minimize the possibility of inhaling aerosol created either by impact or by movement in the target area.

D5.—Direct charge services—

Estimated charges reflected are for (specify only what the charge includes, e.g., technical assistance, surveys, studies, systems evaluation, systems integration and training programs, general engineering support, and TDY/travel costs) that may be incurred to execute this case. This line does not include charges for efforts in general FMS case management which are covered by the FMS administrative fee. The purchaser will be billed only for costs incurred by the U.S. Government.

D6.A.—Distribution of copies of (enter DD Form 1513 or DD Form 1513-1)—

(Use on LOAs or amendments, except CLSSA, SATFA, USASAALA, or MAP-credit-funded cases). On acceptance of this (enter offer or amendment) the purchaser is requested to return signed copies as follows:

a. The original and two copies to Commander, U.S. Army Security Assistance Command, ATTN: AMSAC—(enter symbol MM, ME, or MA, based on the region and division that forwarded the LOR), 5001 Eisenhower Avenue, Alexandria, VA 22333-0001.

b. One copy, with any required deposit, to Security Assistance Accounting Center, ATTN: FSRA, Lowry AFB, CO 80279-5000.

D6.B.—Distribution of copies of (enter DD Form 1513 or DD Form 1513-1)—

(Use on cases/amendments prepared by SATFA that are not MAP-credit-funded). On acceptance of this (enter offer or amendment) the purchaser is requested to return signed copies as follows:

a. The original and two copies to Commander, U.S. Army Security Assistance Command, ATTN: AMSAC—(enter symbol MM, ME, or MA, based on the region and division that forwarded the LOR), 5001 Eisenhower Avenue, Alexandria, VA 22333-0001.

b. One copy, with any required deposit, to Security Assistance Accounting Center, ATTN: FSRA, Lowry AFB, CO 80279-5000.

c. Two copies to Commander, U.S. Army SATFA, 2017 Cunningham Drive, 4th Floor, Hampton, VA 23666.

D6.C.—Distribution of copies of (enter DD Form 1513 or DD Form 1513-1)—

(Use on CLSSA cases/amendments that are not MAP-credit-funded). On acceptance of this (enter offer or amendment) the purchaser is requested to return signed copies as follows:

a. The original and two copies to Commander, U.S. Army Security Assistance Command, ATTN: AMSAC—(enter symbol MM, ME, or MA, based on the region and division that forwarded the LOR), 5001 Eisenhower Avenue, Alexandria, VA 22333-0001.

b. One copy, with any required deposit, to Security Assistance Accounting Center, ATTN: FSRA, Lowry AFB, CO 80279-5000.

c. One copy to Deputy for Operations, U.S. Army Security Assistance Command, ATTN: AMSAC-OL, 3rd Street and M Avenue, Building 54, New Cumberland Army Depot, New Cumberland, PA 17070-5096.

D6.D.—Distribution of copies of (enter DD Form 1513 or DD Form 1513-1)—

(Use on cases/amendments prepared by USASAALA that are not MAP/credit-funded). On acceptance of this (enter offer or amendment) the purchaser is requested to return signed copies as follows:

a. The original and two copies to Commander, U.S. Army Security Assistance Command, ATTN: AMSAC—(enter symbol MM, ME, or MA, based on the region and division that forwarded the LOR), 5001 Eisenhower Avenue, Alexandria, VA 22333-0001.

b. One copy, with any required deposit, to Security Assistance Accounting Center, ATTN: FSRA, Lowry AFB, CO 80279-5000.

c. One copy to Commander, U.S. Army Security Assistance Agency-Latin America, ATTN: MOLA-SA-RL, Box 5006, Miami, FL 34004.

D6.E.—Distribution of copies of (enter DD Form 1513 or DD Form 1513-1)—

(Use on MAP or credit funded cases or amendments, other than CLSSA, SATFA, or USASAALA). On acceptance of this (enter offer or amendment) the purchaser is requested to return signed copies as follows:

a. The original and two copies to Commander, U.S. Army Security Assistance Command, ATTN: AMSAC—(enter symbol MM, ME, or MA, based on the region and division that forwarded the LOR), 5001 Eisenhower Avenue, Alexandria, VA 22333-0001.

b. One copy, with any required deposit, to Security Assistance Accounting Center, ATTN: FSRA, Lowry AFB, CO 80279-5000.

c. One copy to Director, Defense Security Assistance Agency, ATTN: DSAA-FR/CPD, Architect Building, Suite 535, 1400 Wilson Boulevard, Arlington, VA 22209.

D6.F.—Distribution of copies of (enter DD Form 1513S or DD Form 1513S-1)—

(Use on Taiwan cases). On acceptance of this (enter offer or amendment) the purchaser is requested to retain one signed copy and return other signed copies as follows:

a. The original to The American Institute in Taiwan, 1700 North Moore Street, 17th Floor, Arlington, VA 22209.

b. Two copies to Commander, U.S. Army Security Assistance Command, ATTN: AMSAC-MA-PA, 5001 Eisenhower Avenue, Alexandria, VA 22333-0001.

c. One copy, with any required deposit, to the Security Assistance Accounting Center, ATTN: FSRA, Lowry AFB, CO 80279-5000.

d. Two copies to Defense Security Assistance Agency, ATTN: OPS-B, Washington, DC 20301-2800.

D6.G.—Distribution of copies of acknowledged DD Form 1513-2—

(Use on modifications except CLSSA, SATFA, USASAALA, or MAP/credit funded). Purchaser is requested to complete the acknowledgement of receipt, blocks 25, 26, 27, and 28 of the DD Form 1513-2 and return signed copies as follows:

a. The original and two copies to Commander, U.S. Army Security Assistance Command, ATTN: AMSAC—(enter symbol MM, ME, or MA, based on the region and division that forwarded the LOR), 5001 Eisenhower Avenue, Alexandria, VA 22333-0001.

b. One copy, with any required deposit, to Security Assistance Accounting Center, ATTN: FSRA, Lowry AFB, CO 80279-5000.

D6.H.—Distribution of copies of acknowledged DD Form 1513-2—

(Use on modifications prepared by SATFA that are not MAP/credit funded). Purchaser is requested to complete the acknowledgement of receipt, blocks 25, 26, 27, and 28 of the DD Form 1513-2, and return signed copies as follows:

a. The original and two copies to Commander, U.S. Army Security Assistance Command, ATTN: AMSAC—(enter symbol MM, ME, or MA, based on the region and division that forwarded the LOR), 5001 Eisenhower Avenue, Alexandria, VA 22333-0001.

b. One copy, with any required deposit, to Security Assistance Accounting Center, ATTN: FSRA, Lowry AFB, CO 80279-5000.

c. Two copies to Commander, U.S. Army SATFA, 2017 Cunningham Drive, 4th Floor, Hampton, VA 23666.

D6.I.—Distribution of copies of acknowledged DD Form 1513-2—

(Use on CLSSA modifications that are not MAP/credit funded). Purchaser is requested to complete the acknowledgement of receipt, blocks 25, 26, 27, and 28 of the DD Form 1513-2, and return signed copies as follows:

a. The original and two copies to Commander, U.S. Army Security Assistance Command, ATTN: AMSAC—(enter symbol MM, ME, or MA, based on the region and division that forwarded the LOR), 5001 Eisenhower Avenue, Alexandria, VA 22333-0001.

b. One copy, with any required deposit, to Security Assistance Accounting Center, ATTN: FSRA, Lowry AFB, CO 80279-5000.

c. One copy to Deputy for Operations, U.S. Army Security Assistance Command, ATTN: AMSAC-OL, 3rd Street and M Avenue, Building 54, New Cumberland Army Depot, New Cumberland, PA 17070-5096.

D6.J.—Distribution of copies of acknowledged DD Form 1513-2—

(Use on modifications prepared by USASAALA that are not MAP/credit funded). Purchaser is requested to complete the acknowledgement of receipt, blocks 25, 26, 27, and 28 of the DD Form 1513-2, and return signed copies as follows:

a. The original and two copies to Commander, U.S. Army Security Assistance Command, ATTN: AMSAC—(enter symbol MM, ME, or MA, based on the region and division that forwarded the LOR), 5001 Eisenhower Avenue, Alexandria, VA 22333-0001.

b. One copy, with any required deposit, to Security Assistance Accounting Center, ATTN: FSRA, Lowry AFB, CO 80279-5000.

c. One copy to Commander, U.S. Army Security Assistance Agency-Latin America, ATTN: MOLA-SA-RL, Box 5006, Miami, FL 34004

D6.K.—Distribution of copies of acknowledged DD Form 1513-2—

(Use on MAP/credit modifications other than SATFA, CLSSA, or USASAALA). Purchaser is requested to complete the acknowledgement of receipt, blocks 25, 26, 27, and 28 of the DD Form 1513-2, and return signed copies as follows:

a. The original and two copies to Commander, U.S. Army Security Assistance Command, ATTN: AMSAC—(enter symbol MM, ME, or MA, based on the region and division that forwarded the LOR), 5001 Eisenhower Avenue, Alexandria, VA 22333-0001.

b. One copy, with any required deposit, to Security Assistance Accounting Center, ATTN: FSRA, Lowry AFB, CO 80279-5000.

c. One copy to Director, Defense Security Assistance Agency, ATTN: DSAA-FR/CPD, Architect Building, Suite 535, 1400 Wilson Boulevard, Arlington, VA 22209.

D6.L.—Distribution of copies of acknowledged DD Form 1513S-2—

(Use on Taiwan modifications). Purchaser is requested to complete the acknowledgement of receipt, blocks 21, 22, 23, and 24 of the DD Form 1513S-2, and return signed copies as follows:

a. The original to The American Institute in Taiwan, 1700 North Moore Street, 17th Floor, Arlington, VA 22209.

b. Two copies to Commander, U.S. Army Security Assistance Command, ATTN: AMSAC-MA-PA, 5001 Eisenhower Avenue, Alexandria, VA 22333-0001.

c. One copy, with any required deposit, to the Security Assistance Accounting Center, ATTN: FSRA, Lowry AFB, CO 80279-5000.

d. Two copies to Defense Security Assistance Agency, ATTN: OPS-B, Washington, DC 20301-2800.

D6.M.—Distribution of copies of (enter DD Form 1513 or DD Form 1513-1)—

(Use on cases/amendments prepared by SATFA that are MAP/credit funded). On acceptance of this (enter offer or amendment) the purchaser is requested to return signed copies as follows:

a. The original and two copies to Commander, U.S. Army Security Assistance Command, ATTN: AMSAC—(enter symbol MM, ME, or MA, based on the region and division that forwarded the LOR), 5001 Eisenhower Avenue, Alexandria, VA 22333-0001.

b. One copy, with any required deposit, to Security Assistance Accounting Center, ATTN: FSRA, Lowry AFB, CO 80279-5000.

c. Two copies to Commander, U.S. Army SATFA, 2017 Cunningham Drive, 4th Floor, Hampton, VA 23666.

d. One copy to Director, Defense Security Assistance Agency, ATTN: DSAA-FR/CPD, Architect Building, Suite 535, 1400 Wilson Boulevard, Arlington, VA 22209.

D6.N.—Distribution of copies of (enter DD Form 1513 or DD Form 1513-1)—

(Use on CLSSA cases/amendments that are MAP/credit funded). On acceptance of this (enter offer or amendment) the purchaser is requested to return signed copies as follows:

a. The original and two copies to Commander, U.S. Army Security Assistance Command, ATTN: AMSAC—(enter symbol MM, ME, or MA, based on the region and division that forwarded the LOR), 5001 Eisenhower Avenue, Alexandria, VA 22333-0001.

b. One copy, with any required deposit, to Security Assistance Accounting Center, ATTN: FSRA, Lowry AFB, CO 80279-5000.

c. One copy to Deputy for Operations, U.S. Army Security Assistance Command, ATTN: AMSAC-OL, 3rd Street and M Avenue, Building 54, New Cumberland Army Depot, New Cumberland, PA 17070-5096.

d. One copy to Director, Defense Security Assistance Agency, ATTN: DSAA-FR/CPD, Architect Building, Suite 535, 1400 Wilson Boulevard, Arlington, VA 22209.

D6.O.—Distribution of copies of (enter DD Form 1513 or DD Form 1513-1)—

(Use on cases/amendments prepared by USASAALA that are MAP/credit funded). On acceptance of this (enter offer or amendment) the purchaser is requested to return signed copies as follows:

a. The original and two copies to Commander, U.S. Army Security Assistance Command, ATTN: AMSAC—(enter symbol MM, ME, or MA, based on region and division which forwarded the LOR), 5001 Eisenhower Avenue, Alexandria, VA 22333-0001.

b. One copy, with any required deposit, to Security Assistance Accounting Center, ATTN: FSRA, Lowry AFB, CO 80279-5000.

c. One copy to Commander, U.S. Army Security Assistance Agency-Latin America, ATTN: MOLA-SA-RL, Box 5006, Miami, FL 34004.

d. One copy to Director, Defense Security Assistance Agency, ATTN: DSAA-FR/CPD, Architect Building, Suite 535, 1400 Wilson Boulevard, Arlington, VA 22209.

D6.P.—Distribution of copies of acknowledged DD Form 1513-2—

(Use on modifications prepared by SATFA that are MAP/credit funded). Purchaser is requested to complete the acknowledgement of receipt, blocks 25, 26, 27, and 28 of the DD Form 1513-2 and return signed copies as follows:

a. The original and two copies to Commander, U.S. Army Security Assistance Command, ATTN: AMSAC—(enter symbol MM, ME, or MA, based on the region and division that forwarded the LOR), 5001 Eisenhower Avenue, Alexandria, VA 22333-0001.

b. One copy, with any required deposit, to Security Assistance Accounting Center, ATTN: FSRA, Lowry AFB, CO 80279-5000.

c. Two copies to Commander, U.S. Army SATFA, 2017 Cunningham Drive, 4th Floor, Hampton, VA 23666.

d. One copy to Director, Defense Security Assistance Agency, ATTN: DSAA-FR/CPD, Architect Building, Suite 535, 1400 Wilson Boulevard, Arlington, VA 22209.

D6.Q.—Distribution of copies of acknowledged DD Form 1513-2—

(Use on CLSSA modifications that are MAP/credit funded). Purchaser is requested to complete the acknowledgement of receipt, blocks 25, 26, 27, and 28 of the DD Form 1513-2, and return signed copies as follows:

a. The original and two copies to Commander, U.S. Army Security Assistance Command, ATTN: AMSAC—(enter symbol MM, ME, or MA, based on the region and division that forwarded the LOR), 5001 Eisenhower Avenue, Alexandria, VA 22333-0001.

b. One copy, with any required deposit, to Security Assistance Accounting Center, ATTN: FSRA, Lowry AFB, CO 80279-5000.

c. One copy to Deputy for Operations, U.S. Army Security Assistance Command, ATTN: AMSAC-OL, 3rd Street and M Avenue, Building 54, New Cumberland Army Depot, New Cumberland, PA 17070-5096.

d. One copy to Director, Defense Security Assistance Agency, ATTN: DSAA-FR/CPD, Architect Building, Suite 535, 1400 Wilson Boulevard, Arlington, VA 22209.

D6.R.—Distribution of copies of acknowledged DD Form 1513-2—

(Use on modifications prepared by USASAALA that are MAP/credit funded). Purchaser is requested to complete the acknowledgement of receipt, blocks 25, 26, 27, and 28 of the DD Form 1513-2 and return signed copies as follows:

a. The original and two copies to Commander, U.S. Army Security Assistance Command, ATTN: AMSAC—(enter symbol MM, ME, or MA, based on the region and division that forwarded the LOR), 5001 Eisenhower Avenue, Alexandria, VA 22333-0001.

b. One copy, with any required deposit, to Security Assistance Accounting Center, ATTN: FSRA, Lowry AFB, CO 80279-5000.

c. One copy to Commander, U.S. Army Security Assistance Agency-Latin America, ATTN: MOLA-SA-RL, Box 5006, Miami, FL 34004.

d. One copy to Director, Defense Security Assistance Agency, ATTN: DSAA-FR/CPD, Architect Building, Suite 535, 1400 Wilson Boulevard, Arlington, VA 22209.

D7.—Duplicate items—

(line item number) is a duplicate of item (line item number). Quantities have been combined.

E1.—Emergency leave—

Funds from this case will be used to pay the costs of emergency leave travel, if required by security assistance team members. Such costs will be charged only to pay for travel from the team location to the nearest international airport in the continental United States and return. If replacement team member is required, the travel cost from the new member's duty station to the team location will be charged. Commercial travel of team member to this duty station or emergency leave address will be charged only where the expense is less than travel to the nearest Military Airlift Command terminal. If there is not enough money in the case to cover the expenses, case will be modified/amended to include these costs.

E2.—Emission control equipment—

(Use on cases offering 2½ ton trucks powered by the Hercules (White) engine). The 2½ ton trucks, model (model number), being offered on line (line item number) are U.S. Army standard models and do not require emission control equipment. The customer agrees to accept the standard model, which will be shipped without emission control equipment. If special emission control equipment is necessary, the customer must specify these requirements as soon as possible or the vehicles will go on contract without emission control equipment. If emission control equipment is required, then special modifications to the vehicle's configuration may be required. Modifications to the basic design of the (insert model number/nomenclature) will entail additional cost and probable delays in delivering the equipment.

E3.A.—Environmental morale leave—

(Use with Saudi Arabia LOAs offering a TAFT). The Saudi Arabian Government will provide for each Technical Assistance Field Team (TAFT) member, and his authorized dependents, while on annual leave, one round-trip, economy fare airline ticket per Saudi fiscal year from place of duty in Saudi Arabia to JFK Airport, New York, USA, via the most direct route, and return, or to an alternate location of the member's choosing, not to exceed the cost of the ticket to JFK Airport, NY, and return.

E3.B.—Environmental morale leave—

(For use on LOAs for all other countries/international organizations offering a TAFT). The purchaser will provide for each Technical Assistance Field Team (TAFT) assigned member, and his authorized dependents, while on annual leave, one round-trip, full economy fare airline ticket per U.S. fiscal year, from place of duty to the nearest continental United States international airport and return by the most direct route, or to an alternate location of the member's choosing, not to exceed the cost of the ticket to a continental United States airport and return.

E4.—Estimated case closure date—

This Letter of Offer and Acceptance is projected for case closure on (date).

E5.A.—Expiration date—

To satisfy this requirement, this Letter of Offer and Acceptance must be signed and appropriate financial arrangements concluded by

the purchaser by (date) in order to ensure that students can report for training on dates indicated.

E5.B.—Expiration date—

To satisfy this requirement, this Letter of Offer and Acceptance must be signed and appropriate financial arrangements concluded by the purchaser by (date) in order to ensure team deployment to meet in-country date requested.

E5.C.—Expiration date—

Expiration date of (date) has been applied to this Letter of Offer and Acceptance so that line item (line item number) can be placed on the current contract before its expiration.

E6.—Expiration of contract—

To satisfy this requirement, this Letter of Offer and Acceptance must be signed and appropriate financial arrangement concluded by the purchaser by (date) in order to enable the add-on to the current contract which expires (enter date of expiration).

F1.A.—Follow-on support requirements—

Upon acceptance of this case, a review of follow-on support requirements should be made by purchaser to determine additional support requirements not included within the scope of this offer. The U.S. Government will, to the extent possible, prepare follow-on cases as requested by the purchaser for: technical assistance, advice relative to contractor personnel, training, follow-on supply support, and modification work order support to keep U.S. equipment provided to purchaser compatible with U.S. configurations.

F1.B.—Follow-on support requirements—

(Use notes C18.A, C18.B, C18.C, or F1.B on all standard equipment cases requiring follow-on support). It is recommended that consideration be given to follow-on support utilizing either blanket order or defined line cases. Requisitions against these cases will be satisfied to the extent that the total requirement does not cause U.S. stock levels of the item requested to fall below the reorder point. A delay of at least one procurement lead time could be experienced on backorder items.

F2.—Financial summary—

Value of Part A	\$
Supply support charge	\$
Current financial requirement	\$
Previous financial requirement	\$
Balance due U.S. Government	\$

G1.—Government furnished equipment (GFE)—

When the U.S. Army purchases equipment for its own account, it provides to the contractor certain components as GFE. This GFE normally includes components such as engines and/or, communications and electronics. Engines, when not provided from new production, are normally repaired to new engine specifications. Other GFE may be overhauled, rather than provided new from procurement. In any event, these components have been returned to fully serviceable standards. In all instances the materiel contained in this offer will meet the same standards of serviceability that pertain to equipment delivered to U.S. forces.

G2.—Gun tubes—

The replacement of this item is directly related to the amount and type of ammunition to be fired. Since your usage is not known, this quantity is based upon a U.S. Army engineering estimate.

G3.—Gun tube life—

The gun tube for artillery will have 50 percent or greater life remaining with equivalent full charge rounds. The breech mechanism will have a remaining life equal to or greater than the life of the installed tube. Cannon assembly, item number (line item number), and spare tubes, item number (line item number), have been

added in quantities recommended for support of item (line item number).

H1.A.—Hazardous equipment—

Communications-electronics equipment contains potential hazards that may surface during installation, operation, maintenance, repair, and disposal. Precautionary warnings are provided on the equipment. It is strongly recommended that all such warnings be translated into all users' language(s) and affixed to equipment.

H1.B.—Hazardous equipment—

Overexposure to radiation from radar equipment may result in internal tissue heating and burns. To alert equipment users of such hazards, it is strongly recommended that a warning in all users' language(s) be affixed to the equipment as follows: "This equipment emits electromagnetic radiation of sufficient energy to cause injury. Personnel should not be allowed within (number of feet) of the antenna." (Distance should be obtained from appropriate technical manual or annex I to Technical Bulletin MED 270, Control of Hazards to Health from Microwave Radiation.)

H1.C.—Hazardous equipment—

Laser and laser support equipment, when energized, will produce laser radiation. Security precautions are detailed in the associated technical manuals and should be reviewed prior to the handling of such equipment.

H2.A.—Housing—

(Applicable to PCS or TDY teams peculiar to Egypt only). The purchaser, in conjunction with local U.S. security assistance element, is to provide appropriately furnished quarters for all trainers/support personnel in accordance with Western standards and within current per diem limitations. Quarters will be heated or air-conditioned as climatic conditions warrant and provided with a refrigerator, adequate baths/showers, and hand basins in the same dwelling. All team members are to be in the same general location and accessible by/to telephone. Quarters should contain laundry facilities (washer and dryer) and cooking facilities, if possible, and should also be accessible to appropriate dining facilities.

H2.B.—Housing—

(OMC, ODC, DAO, as applicable) will arrange furnished quarters for all trainers and accompanying dependents, as appropriate, through the Embassy Housing Office, and in accordance with current Embassy policies and standards for U.S. personnel. Every effort will be made to locate suitable apartments for team members. If this proves infeasible, hotel accommodations will be made within current per diem rates.

H2.C.—Housing—

(Applicable to TDY teams for Egypt only). The cost of housing is included in the per diem rate paid to U.S. Army team members in Egypt. OMC will arrange team member accommodations within the current rate.

H3.A.—Housing and household furniture—

(Use on MAP-funded PCS cases only). The purchaser, in conjunction with local U.S. security assistance element, is to provide appropriately furnished quarters for all trainers/support personnel in accordance with Western standards and within current housing allowance limitations. Quarters will be heated or air-conditioned as climatic conditions warrant, and provided with a refrigerator, adequate baths/showers, and hand basins in the same dwelling. All team members are to be in the same general location and be accessible by/to telephone. Quarters should contain laundry (washer and dryer) and cooking facilities, and should also be accessible to appropriate dining facilities. If the purchaser provides adequate furnished quarters, this case will only be charged for storage of household goods in the continental United States for team members. If the purchaser does not provide quarters, or adequately furnished quarters, this case

will be charged for housing acquisition and/or for round-trip shipment of household goods.

H3.B.—(Use on PCS cases, except those that are MAP-funded). Housing and household furniture—

The purchaser, in conjunction with local U.S. security assistance element, is to provide appropriately furnished quarters for all trainers/support personnel in accordance with Western standards and within current housing allowance limitations. Quarters will be heated or air-conditioned as climatic conditions warrant, and provided with a refrigerator, adequate baths/showers, and hand basins in the same dwelling. All team members are to be in the same general location and be accessible by/to telephone. Quarters should contain laundry (washer and dryer) and cooking facilities, and should also be accessible to appropriate dining facilities. If the purchaser provides adequate furnished quarters, this case will only be charged for storage of household goods in the continental United States for team members. If the purchaser does not provide quarters, or adequately furnished quarters, this case contains funds for housing acquisition and/or for round-trip shipment of household goods. Such unused funds will be refunded upon case closure.

I1.—Identification of modification kits—

Charges for materiel required for modification will be identified. Materiel prepaid by the purchaser will not be charged to this case.

I2.—Initial estimate—

Estimated initial cost of training has been computed based on the approved courses and spaces requested by the purchaser as shown on (appropriate annex).

I3.—Initial training requirements—

This Letter of Offer and Acceptance does not include initial training requirements to support purchase of equipment identified herein. The Department of Army will to the extent possible include training requirements on separate cases as requested by the purchaser. Training will be provided only if within the resources of the Army at the time requested by the purchaser.

I4.—Insurance, ground and flight risk—

When the U.S. Government purchases equipment for its own account, it assumes the risks of damage to, or loss or destruction of the equipment in the open, during operation, and in flight, and while the aircraft is being manufactured, disassembled, or reassembled prior to acceptance. The purchaser must indicate which of the following options it desires:

a. Purchaser agrees to accept the ground and flight risks contemplated by the standard clause in the DOD Supplement to the Federal Acquisition Regulation (FAR) (para 52.228-7001). The purchaser thereby agrees to assume indemnification and assumption of these risks in accordance with paragraph C of annex A (General Conditions) of the LOA.

b. The purchaser agrees to accept the cost of ground and flight risk insurance set forth as Item (line item number) to cover the ground and flight risks contemplated by standard clause in the DOD Supplement to the FAR (para 52.228-7001). To the extent of such coverage the assumption of risk specified in paragraph C.2 of annex A (General Conditions) of the LOA shall not be applicable.

I5.—Interpreter support—

The purchaser will provide interpreter(s) as necessary for the instructional requirements of the training. The interpreter(s) will be provided daily and directly to the training element. Interpreter personnel stability is a requirement to ensure training continuity. Additional interpreter personnel should be available on an on-call basis for necessary liaison/coordination/administrative support. If interpreter support is determined to be inadequate by team chief, case funds may be expended to hire local interpreters through the Embassy Personnel Section at standard salary levels.

16.—Intransit security—

Security standards established for line item(s) (line item number(s)) require armed guards accompanying this shipment from point of origin to destination regardless of transportation mode. Total cost of armed surveillance is estimated to be (dollar amount) and is included in block (enter 23 or 25).

17.—Inspection team—

This line is for U.S. Army participation in a joint visual inspection of materiel offered on (line item number). Participation by representative(s) of the purchaser is required. Inspection will take place at (depot or storage facility) and should be arranged in coordination with (MSC-IL). The following parameters apply:

a. The visual inspection will determine type and model configuration, but will not verify if modification work orders or product improvement programs have been applied.

b. The visual inspection will identify missing components and items, excluding basic issue items.

c. The inspection will determine the overall appearance and condition of preservation and packaging.

d. The inspection will not include operation of any equipment unless it is determined by U.S. Government representatives that it can be easily operated and does not entail costs that would accrue to the U.S. Government.

e. Serviceability will be assessed only from the visual inspection, any limited operational inspection, where applicable, and a review of any on-site records, such as storage or depot technical inspections previously performed or from the materiel classification assigned by the U.S. Government.

f. As stated in note (note number), no repair, restoration, or rehabilitation will be performed by the U.S. Army in conjunction with this offer. Also, in accepting this offer, the purchaser waives the right to submit materiel claims against the U.S. Government through the DOD discrepancy report system. Acceptance of the inspection services does not alter provisions of note (note number).

g. To preclude selected items from being replaced prior to shipment, the inspection team will tag each item with the case designator and serial number. A separate listing will be prepared showing the tag numbers and serial numbers of all applicable items. The designated U.S. and purchaser representatives will each sign the list. A copy will be provided to each party, if required.

h. Estimated costs include travel, salary, per diem, and related costs of participating U.S. Army representatives. The size of the inspection team will be the minimum required to accomplish the inspection. The purchaser will be billed only for costs incurred by the U.S. Government.

18.—International narcotics—

(Use on all drug cases). The defense articles and defense services provided under services in this Letter of Offer and Acceptance shall be used by the purchaser only for counter-narcotics programs as required by section 602 of the Foreign Operations, Export Financing, and Related Programs Appropriation Act.

L1.A.—Lead time for delivery—

Lead times reflected in this Letter of Offer and Acceptance are FOB Point of Origin. Ultimate delivery to the point specified is predicated on the availability of transportation and actual time required for the movement of materiel.

L1.B.—Lead time for delivery—

(Applicable to ammunition cases where delivery is predicated upon an ammunition vessel schedule). Availability shown is predicated upon the receipt of the signed acceptance and the conclusion of appropriate financial arrangements by (date). If the case is not accepted by the date specified, availability for shipment will be changed with actual availability dependent upon method of delivery.

L2.—Lead time for repair—

(Use on MSA cases only). Items will be handled as expeditiously as

possible. However, normal turnaround time may be exceeded for some systems/components.

L3.—Lead time for repair parts—

The U.S. Government makes its best effort to supply 75 percent of concurrent spare parts and ancillary/support equipment prior to the normal lead time required for the delivery of the end item. Due to the capability to supply the major defense equipment in the short lead time quoted, some ancillary/support equipment and/or required repair parts will arrive in-country subsequent to the delivery of the end item.

L4.—Lease support—

This LOA is prepared incident to the Arms Export Control Act, chapter 6, authorized lease (lease identifier).

L5.—Legal status—

Security assistance training team members and their dependents will be subject to the terms of any agreements or memoranda of understanding between the purchaser and the U.S. Government. Team members will be given the same legal status, privileges, and exemptions as technical personnel assigned to the U.S. Embassy/Consulate or Security Assistance activity.

L6.—Length of support—

The U.S. Government plans logistic support and services, to include training, for these items through (enter CY) with a one-time systems support buy-out to be offered to all security assistance recipients 2 years prior to support termination. A blanket order case should be established so that the purchaser can take advantage of buys for individual support items for which there are diminishing sources and the final procurement is being made upon short notice.

L7.—Liability for damages—

The purchaser shall be liable for all damages to U.S. equipment (aircraft, trucks, etc.) due to negligence on the part of the student.

L8.—Liaison—

The purchaser will designate a point of contact and establish a means of communication for direct coordination and liaison between your representatives and the U.S. training element.

L9.—Location of materiel—

Materiel is located as follows:

L10.—Lubricants—

The lubricants contained in this offer are according to U.S. maintenance standards for the major items of equipment being purchased. This initial annual stockage is intended to preclude maintenance support problems resulting from improper lubrication. Additional or replacement quantities should be obtained locally per specifications contained in applicable lubrication orders and technical manuals.

M1.—Maintenance support items (MSIs)—

MSIs consist of special tools and test equipment required to provide necessary maintenance service for a weapon/weapon system. MSIs also include the lubricants and cleaning materials normally required for a 1-year period. (These items may be furnished from either new, unused, or overhauled stocks; and they may be intermingled. All MSIs will meet U.S. troop standards of serviceability.) The lead time for these items has been computed based on date of case implementation and the concurrent receipt of your approved updated maintenance support listing; therefore, the maintenance support listing must be returned together with case acceptance for the lead time shown to be valid. It should be recognized that failure to purchase MSI may result in unsatisfactory performance of the end item.

M2.—Make and model unspecified—

Items are acquired based on performance specifications without regard to make and model. The U.S. Government will make its best

efforts to provide information on the make and model, including concurrent spare parts, as soon as possible.

M3.—Materiel—

Item (line item number) will be supplied from stock manufactured in the (enter year(s)). The U.S. Government will use its best efforts to assure that materiel selected for shipment will be last in-first out (LIFO) and meets the quality requirements specified for FMS.

M3.A.—Materiel—

(Use for cases consisting of 5 items or less). The equipment listed below is being provided at no cost under Section (enter 516 or 517) of the Foreign Assistance Act of 1961 (identify by NSN and nomenclature):

Item	Quantity
------	----------

This case provides funds for (enter applicable costs such as transportation; packing, crating, and handling).

M3.B.—Materiel—

(Use for cases consisting of more than 5 items). The equipment listed on (appropriate annex) is being provided at no cost under Section (enter 516 or 517) of the Foreign Assistance Act of 1961. This case provides funds for (enter applicable costs such as transportation; packing, crating, and handling).

M3.C.—Materiel—

The excess defense articles to be provided at no cost under provisions of Section 517 of the Foreign Assistance Act of 1961, using funds from this case, will be used by the purchaser only in support of antinarcotics activities as required by subsection (c) of that section, Title 22 USC 2321k.

M4.—Materiel documents—

Materiel shipped by the purchaser to a U.S. depot will be accompanied by three copies of DD Form 1348-1 (DOD Single Line Item Release/Receipt Document) and one set of DA Form 2407 (Maintenance Request). A "B" type MILSTRIP document number with the letter "R" in card column 40 will be entered on DD Form 1348-1, and in section 1, block 16 of the DA Form 2407. The letter "R" will distinguish maintenance support documents from supply requisitions and prevent automatic supply from stockage. A copy of each DD Form 1348-1 will be forwarded to the Deputy for Operations, U.S. Army Security Assistance Command, ATTN: AMSAC-(enter OE or OX based on appropriate region), 3rd Street and M Avenue, Building 54, New Cumberland Army Depot, New Cumberland, PA 17070-5096 and to the Commander, (enter the appropriate systems manager).

M5.A.—Materiel standards—

(Use on cases other than Taiwan when materiel offered from overhaul or limited restoration has not been subject to the USASAC policy). As noted in column 18, this materiel is offered as condition code U, as explained in explanatory note 4 of annex A. Therefore, only parts and components not meeting U.S. Armed Forces serviceability tolerances and standards will have been replaced; e.g., some internal components will be worn, and surface finishes will indicate prior usage.

M5.B.—Materiel standards—

(Use on cases where materiel is offered from source of supply "S" or "X"). Some of the major subassemblies to be supplied from the Army pipeline may have been overhauled at a U.S. Army depot. Overhauled items for certain commodities are supplied as condition code U, as explained in explanatory note 4 of annex A. Therefore, only parts and components of these items not meeting U.S. Armed Forces serviceability tolerances and standards will have been replaced; e.g., some internal components may be worn, and surface finishes may indicate prior usage.

M5.C.—Materiel standards—

(Use on Taiwan cases when materiel offered from overhaul or

limited restoration has not been subject to the USASAC policy). As noted in column 16, this materiel is offered as condition code U, as explained in explanatory note 4 of annex A. Therefore, only parts and components not meeting U.S. Armed Forces serviceability tolerances and standards will have been replaced; e.g., some internal components will be worn, and surface finishes will indicate prior usage.

M6.—Medical/dental care—

In the event a member of the security assistance team must be evacuated for medical/dental care due to a lack of facilities in-country, the purchaser will be responsible for transportation cost to the nearest U.S. military installation that can perform medical/dental treatment and for transportation cost incurred for team member's return to duty station after treatment. If team member is determined to be medically unfit for return to duty station, the purchaser will be responsible for travel cost of member to home duty station. Should in-country facilities be used to facilitate required routine medical care for team members, costs will be the responsibility of the purchaser. If replacement team member is required, the travel cost from the new member's duty station to the team location will be charged. If there is not enough money in the case to cover the expenses, case will be modified to include these costs.

M7.A.—Medical services—

Authorized medical/dental services for students are estimated as (dollar amount) per student. Final settlement of this FMS case will include the net cost of medical services rendered. Any unused portion of funds deposited to cover medical treatment will be returned to the purchaser when the case is closed. Purchaser agrees to deposit additional funds when initial medical deposit has been exhausted. A DD Form 1513-2 will be used for this purpose.

M7.B.—Medical services—

(Use on cases for NATO CONUS training only). Inpatient medical care for students and dependents will be provided on a fully reimbursable basis. Students and authorized dependents will be provided outpatient medical care on the same basis as for U.S. military personnel.

M7.C.—Medical services—

(Applicable to PCS or TDY teams for Egypt only). In the event a team member requires health services and does not have ready access to the embassy health unit or the service required is not available at the health unit, your Government will be responsible for the cost of treatment in-country, and/or the cost of transportation to the nearest appropriate U.S. military treatment facility. Referral decisions will be made by the U.S. embassy's regional medical officer. If there is not enough money in the case to cover the expenses, case will be amended to include these costs.

M8.—Minimum procurement quantity (MPQ)—

Item is not currently on contract and the quantity requested does not represent a MPQ for procurement. The item is offered based upon possible combination with requirements for U.S. Army procurement action. If quantity is reduced, a substantial price increase and change in delivery lead time may occur. If a contract is not awarded, this quantity is subject to cancellation.

M9.—Mobile training team (MTT) deployment—

MTT will be available for deployment (number of days) after deployment of the advance party.

M10.—Modification work orders (MWOs)—

Each DA Form 2407 forwarded with materiel should clearly state which MWOs will or will not be applied. In the event an MWO is published and is not stated on the DA Form 2407, installation may be accomplished, and the customer representative will be notified.

M11.—Multiple launch rocket system (MLRS)—

This sale is contingent upon the purchaser reaching agreement with

the MLRS International Corporation (MIC) on the portion of the system which must be procured from the European production line.

N1.A.—Nonstocked items—

(name of item) is obsolete and no longer available. Item (line item number) is offered as the standard replacement item.

N1.B.—Nonstocked items—

(name of item) is no longer stocked or issued as a complete assembly. Components are offered as item(s) (line item numbers).

N1.C.—Nonstocked items—

(name of item) is no longer stocked as a separate component. The complete assembly is offered as item (line item number).

O1.—Offer release code (X)—

(Use with delivery term code 7 (T14.F). An “X” entered in column 19 of DD Form 1513 signifies that the U.S. Army and country representative have agreed that the U.S. Army will sponsor the shipment to a country address. Under this agreement, block 34 (freight forwarder code) must contain “X” and a customer-within-country (CC) code must be entered in block 33 (MARK FOR code). The MAPAD must contain the card column code and addresses for each type address required, i.e., parcel post, freight, and documentation.

O1.A.—Offer release code (X)—

(Use with delivery term code 7 (T14.F) for Taiwan). An “X” entered in column 17 of DD Form 1513S signifies that the U.S. Army and Taiwan have agreed that the U.S. Army will sponsor the shipment to a country address. Under this agreement, block 34 (freight forwarder code) must contain “X” and a customer-within-country (CC) code must be entered in block 33 (MARK FOR code). The MAPAD must contain the card column code and addresses for each type address required, i.e., parcel post, freight, and documentation.

O1.B.—Offer release code (X)—

(Use with delivery term codes 6 (T14.E) and 9 (T14.H)). An “X” entered in column 19 of DD Form 1513 signifies that the U.S. Army and country representatives have agreed that the U.S. Army will sponsor the shipment to an overseas port of discharge. Under this agreement, block 34 (freight forwarder code) must contain “X” and a customer-within-country (CC) code must be entered in block 33 (MARK FOR code). The MAPAD must contain the card column code and addresses for each type address required, i.e., parcel post, freight, and documentation.

O1.C.—Offer release code (X)—

(Use with delivery term codes 6 (T14.E) and 9 (T14.H.) for Taiwan). An “X” entered in column 17 of DD Form 1513S signifies that the U.S. Army and country representatives have agreed that the U.S. Army will sponsor the shipment to an overseas port of discharge. Under this agreement, block 34 (freight forwarder code) must contain “X” and a customer-within-country (CC) code must be entered in block 33 (MARK FOR code). The MAPAD must contain the card column code and addresses for each type address required, i.e., parcel post, freight, and documentation.

O1.D.—Offer release code (W)—

(Use when shipments are to be made to an assembly point or staging area). A “W” entered in column 19 of DD Form 1513 signifies that shipments are to be made to an assembly point or staging area as indicated by clear text instructions on exception requisitions. Under this agreement block 34 (freight forwarder code) must contain “W” and a MARK FOR code may be entered in block 33. The MAPAD must contain the MARK FOR code if the MARK FOR address is to be used on the shipment to the assembly point or staging area.

O1.E.—Offer release code (W)—

(Use on Taiwan cases when shipments are to be made to an assembly point or staging area). A “W” entered in column 17 of DD Form 1513S signifies that shipments are to be made to an assembly point or staging area as indicated by clear text instructions on exception requisitions. Under this agreement block 34 (freight forwarder code) must contain “W” and a MARK FOR code may be entered in block 33. The MAPAD must contain the MARK FOR code if the MARK FOR address is to be used on the shipment to the assembly point or staging area.

O2.—Office space, furniture, and supplies—

The purchaser will provide, without cost to the U.S. Government, adequate office space for each team member in his primary work area plus desk/table, chair, filing cabinet, telephone, office supplies, and office cleaning services.

O3.—Open-end training cases—

(Use if applicable). The dollar value of this open-end case is based on known purchaser training requirements at the date of case preparation, plus (percentage) requested by the purchaser for unprogrammed training requirements. The Department of the Army does not guarantee that all desired training dates will be made available; however, it will use its best efforts in this regard. Purchaser will be notified as soon as possible of training that can be scheduled.

O4.A.—Orientation training tours (itinerary)—

The purchaser accepts the tour itinerary within the United States as prescribed and agrees that no request for changes to the itinerary will be made by the tour participants or honored by the U.S. Government while in the United States.

O4.B.—Orientation training tours (living expenses)—

Tour participants will personally defray all expenses while in the United States for living accommodations, including quarters, meals, medical, and personal living costs incurred.

O4.C.—Orientation training tours (travel expenses)—

The purchaser will furnish all travel expenses to the point of arrival into the continental United States and return.

O5.A.—Other estimated costs—

(Use on DD Forms 1513 except for Taiwan). The following individual costs apply to the total value in block 25, DD Form 1513: (Enter description and cost. Provide detailed costs in block 25, when applicable).

O5.B.—Other estimated costs—

(Use on DD Forms 1513S for Taiwan). The following individual costs apply to the total value in block 23, DD Form 1513S: (Enter description and cost. Provide detailed costs in block 23, when applicable).

O5.C.—Other estimated costs—

(Use on DD Form 1513–1 except those for Taiwan). The following individual costs apply to the total dollar value in block 26, DD Form 1513–1: (Enter description and cost. Provide detailed costs in block 26, when applicable).

O5.D.—Other estimated costs—

(Use on DD Form 1513S–1 for Taiwan). The following individual costs apply to the total dollar value in block 24, DD Form 1513S–1: (Enter description and cost. Provide detailed costs in block 24, when applicable).

O5.E.—Other estimated costs—

(Use on DD Form 1513–2 except those for Taiwan). The following individual costs apply to the total dollar value in block 23, DD Form 1513–2: (Enter description and cost. Provide detailed costs in block 23, when applicable).

05.F.—Other estimated costs—

(Use on DD Form 1513S-2 for Taiwan). The following individual costs apply to the total dollar value in block 19, DD Form 1513S-2: (Enter description and cost. Provide detailed costs in block 19, when applicable).

P1.A.—Packing, crating, and handling (PCH)—

(Use when all or some items require PCH or when it may not be clear to the customer that some items entail PCH charges). Item(s) (line item number(s)) will be shipped from U.S. Army depots regardless of the source of supply indicated; therefore, packing, crating, and handling charges have been applied.

P1.B.—Packing, crating, and handling (PCH)—

(Use only in rare instances where the source of supply cannot be determined at case preparation). Source of supply is undetermined. Therefore, it has not been determined if PCH charges apply. Purchaser will be billed for applicable charges only.

P1.C.—Packing, crating, and handling (PCH)—

(Use when all of the items that have packing, crating, and handling applied are coming from GSA). Item(s) (line item number(s)) will be delivered from General Services Administration facilities regardless of the source of supply indicated; therefore, PCH charges have been applied.

P1.D.—Packing, crating, and handling (PCH)—

(Use when items that have PCH applied are coming from both U.S. Army depots and GSA). Item(s) (line item number(s)) will be shipped from U.S. Army depots and item(s) (line item number(s)) will be delivered from General Services Administration facilities regardless of the source of supply indicated. Therefore, PCH charges have been applied.

P2.—Paint requirements—

Items noted in remarks block, DD Form (insert 1513, 1513-1, or 1513-2) will be painted sand color according to Federal Standard 595A, color number 23448.

P3.—Patent rights - (Enter item)—

(Enter name of individual, commercial entity, or foreign country, and address) has alleged that it holds (enter type of rights) for (enter name of item). In this connection, the purchaser's particular attention is invited to paragraphs A.3 and C.1 of annex A (General Conditions) of this LOA. For example:

Patent rights—

Swedish Ti02 additive: The Military Training Devices AK-TIEBOLAG (MTD) of Stockholm, Sweden, has alleged that it owns exclusive foreign patent rights to the Swedish additive Ti02 used in connection with the ammunition being sold herein.

Patent rights—

2.75-inch rocket motors: LES FORGES ZEEBRUGGE HERSTAL BELGIUM has alleged that it owns patent rights for certain components of the 2.75-inch rocket motors offered herein.

P4.—Payment of royalties for sales of technical data packages (TDPs) Government of Israel—

The Government of Israel (GOI) is authorized to delay the payment of the royalty reflected on this DD Form 1513 until receipt of the complete TDP and the establishment of a production line. The GOI agrees to advise the Commander, U.S. Army Security Assistance Command, ATTN: AMSAC-ME-RC, 5001 Eisenhower Avenue, Alexandria, VA 22333-0001, when such production has been established and concurrently forward the required funds to: Security Assistance Accounting Center, ATTN: FSRA, Lowry AFB, CO 80279-5000.

P5.—Personal expenses—

Students will be responsible for payment of charges for transportation, meals, laundry service, and any other services or personal living expenses they incur. Purchaser agrees to ensure prompt payment for such expenses.

P6.A.—Personnel protection—

(Note: Because of political considerations, approval of USASAC (AMSAC-MA, ME, or MM) is required to confirm applicability prior to applying this footnote). The purchaser shall assure and guarantee the safety of all U.S. Government and contractor personnel, and their dependents, associated with this foreign military sales case throughout the period that U.S. Government and contractor personnel, and their dependents, are in the purchaser's country and engaged in servicing and supporting this case.

P6.B.—Personnel protection—

U.S. Government and contractor personnel and their dependents will be covered under the Status of Forces Agreement (SOFA) and any other existing personnel security agreements between the United States and your country.

P6.C.—Personnel protection—

U.S. Government and contractor personnel and their dependents will be covered under all existing personnel security agreements between the United States and your country.

P7.A.—Personnel and access—

(Use on Japan LOAs involving U.S. contractors). The purchaser will receive, without regard to race, religion, sex, or ethnic or national origin, persons of other than purchaser's nationality to work exclusively on efforts covered by the provisions of this LOA, who have U.S. Government-issued passports or military orders. The purchaser will take necessary measures so that such personnel will be duly accorded access to all information (e.g., data, plans, and reports) and all existing and proposed offices, routes, sites, and areas within the purchaser's territory as required to accomplish this effort. The purchaser will make necessary arrangements to ensure prompt access by such personnel.

P7.B.—Personnel and access—

(Use on Japan LOAs involving U.S. Government personnel).

a. The purchaser will receive, without regard to race, religion, sex, or ethnic or national origin, persons of other than purchaser's nationality to work exclusively on efforts covered by the provisions of this LOA, who have U.S. Government-issued passports or military orders. The purchaser will take necessary measures so that such personnel will be duly accorded access to all information (e.g., data, plans, and reports) and all existing and proposed offices, routes, sites, and areas within purchaser's territory as required to accomplish this effort. The purchaser will make necessary arrangements to ensure prompt access by such personnel.

b. In order that the privileges and immunities provided under article VII, paragraph 1 of the Mutual Defense Assistance Agreement of 8 March 1954, between the United States and Japan be duly accorded to those personnel who are in Japan for the purpose of implementing this LOA and are assigned as the U.S. Government personnel described in the aforementioned article, a list of such personnel shall be presented to the MOFA.

P8.A.—Points of contact—

(Use on materiel cases (except CLSSA/SSA) and MSA cases). Points of contact (POCs) for this transaction are as follows:

a. Financial information: Security Assistance Accounting Center, Lowry AFB, CO 80279-5000.

b. Requisition, transportation, and supply information: Deputy for Operations, U.S. Army Security Assistance Command, ATTN: AMSAC-(enter OE or OX based on appropriate region), 3rd Street and M Avenue, Building 54, New Cumberland Army Depot, New Cumberland, PA 17070-5096.

c. MAPAD information: Deputy for Operations, U.S. Army Security Assistance Command, ATTN: AMSAC-OL-T, 3rd Street and M Avenue, Building 54, New Cumberland Army Depot, New Cumberland, PA 17070-5096.

d. Submission of reports of discrepancy: (Administrative, accessorial surcharges, mathematical errors, or billing): Security Assistance Accounting Center, ATTN: FSRR, Lowry AFB, CO 80279-5000. (All others): Deputy for Operations, U.S. Army Security Assistance Command, ATTN: AMSAC-(enter OE or OX based on appropriate region), 3rd Street and M Avenue, Building 54, New Cumberland Army Depot, New Cumberland, PA 17070-5096.

e. Status of discrepancies and materiel returns: Deputy for Operations, U.S. Army Security Assistance Command, ATTN: AMSAC-(enter OE or OX based on appropriate region), 3rd Street and M Avenue, Building 54, New Cumberland Army Depot, New Cumberland, PA, 17070-5096.

f. All other information: Commander, U.S. Army Security Assistance Command, ATTN: AMSAC-(enter MA/, ME/, or MM/ based on region and division that forwarded the LOR), 5001 Eisenhower Avenue, Alexandria, VA 22333-0001.

P8.A1.—Points of contact—

(Use on materiel cases (except CLSSA/SSA) and MSA cases). Points of contact (POCs) for this transaction are as follows:

a. Financial information: Security Assistance Accounting Center, Lowry AFB, CO 80279-5000.

b. Requisition, transportation, and supply information: Deputy for Operations, U.S. Army Security Assistance Command, ATTN: AMSAC-(enter OE or OX based on appropriate region), 3rd Street and M Avenue, Building 54, New Cumberland Army Depot, New Cumberland, PA 17070-5096.

c. MAPAD information: Deputy for Operations, U.S. Army Security Assistance Command, ATTN: AMSAC-OL-S, 3rd Street and M Avenue, Building 54, New Cumberland Army Depot, New Cumberland, PA 17070-5096.

d. Submission of reports of discrepancy: (Administrative, accessorial surcharges, mathematical errors, or billing): Security Assistance Accounting Center, ATTN: FSRR, Lowry AFB, CO 80279-5000. (All others): Deputy for Operations, U.S. Army Security Assistance Command, ATTN: AMSAC-(enter OE or OX based on appropriate region), 3rd Street and M Avenue, Building 54, New Cumberland Army Depot, New Cumberland, PA 17070-5096.

e. Status of discrepancies and materiel returns: Deputy for Operations, U.S. Army Security Assistance Command, ATTN: AMSAC-(enter OE or OX based on appropriate region), 3rd Street and M Avenue, Building 54, New Cumberland Army Depot, New Cumberland, PA, 17070-5096.

f. All other information: Commander, U.S. Army Security Assistance Command, ATTN: AMSAC-(enter MA/, ME/, or MM/ based on region and division that forwarded the LOR), 5001 Eisenhower Avenue, Alexandria, VA 22333-0001.

P8.B.—Points of contact—

(Use on CLSSA cases). Points of contact (POCs) for this transaction are as follows:

a. Financial information: Security Assistance Accounting Center, Lowry AFB, CO 80279-5000.

b. Requisition, transportation, and supply information: Deputy for Operations, U.S. Army Security Assistance Command, ATTN: AMSAC-(enter OE or OX based on appropriate region), 3rd Street and M Avenue, Building 54, New Cumberland Army Depot, New Cumberland, PA 17070-5096.

c. MAPAD information: Deputy for Operations, U.S. Army Security Assistance Command, ATTN: AMSAC-OL-T, 3rd Street and M Avenue, Building 54, New Cumberland Army Depot, New Cumberland, PA 17070-5096.

d. Submission of reports of discrepancy: (Administrative, accessorial surcharges, mathematical errors, or billing): Security Assistance Accounting Center, ATTN: FSRR, Lowry AFB, CO

80279-5000. (All others): Deputy for Operations, U.S. Army Security Assistance Command, ATTN: AMSAC-(enter OE or OX based on appropriate region), 3rd Street and M Avenue, Building 54, New Cumberland Army Depot, New Cumberland, PA 17070-5096.

e. Status of discrepancies and materiel returns: Deputy for Operations, U.S. Army Security Assistance Command, ATTN: AMSAC-(enter OE or OX based on appropriate region), 3rd Street and M Avenue, Building 54, New Cumberland Army Depot, New Cumberland, PA, 17070-5096.

f. Technical questions concerning Cooperative Logistics Supply Support Arrangements (CLSSAs): Deputy for Operations, U.S. Army Security Assistance Command, ATTN: AMSAC-OL-C, 3rd Street and M Avenue, Building 54, New Cumberland Army Depot, New Cumberland, PA 17070-5096.

g. All other information: Commander, U.S. Army Security Assistance Command, ATTN: AMSAC-(enter MA/, ME/, or MM/ based on region and division that forwarded the LOR), 5001 Eisenhower Avenue, Alexandria, VA 22333-0001.

P8.B1.—Points of contact—

(Use on CLSSA cases). Points of contact (POCs) for this transaction are as follows:

a. Financial information: Security Assistance Accounting Center, Lowry AFB, CO 80279-5000.

b. Requisition, transportation, and supply information: Deputy for Operations, U.S. Army Security Assistance Command, ATTN: AMSAC-(enter OE or OX based on appropriate region), 3rd Street and M Avenue, Building 54, New Cumberland Army Depot, New Cumberland, PA 17070-5096.

c. MAPAD information: Deputy for Operations, U.S. Army Security Assistance Command, ATTN: AMSAC-OL-S, 3rd Street and M Avenue, Building 54, New Cumberland Army Depot, New Cumberland, PA 17070-5096.

d. Submission of reports of discrepancy: (Administrative, accessorial surcharges, mathematical errors, or billing): Security Assistance Accounting Center, ATTN: FSRR, Lowry AFB, CO 80279-5000. (All others): Deputy for Operations, U.S. Army Security Assistance Command, ATTN: AMSAC-(enter OE or OX based on appropriate region), 3rd Street and M Avenue, Building 54, New Cumberland Army Depot, New Cumberland, PA 17070-5096.

e. Status of discrepancies and materiel returns: Deputy for Operations, U.S. Army Security Assistance Command, ATTN: AMSAC-(enter OE or OX based on appropriate region), 3rd Street and M Avenue, Building 54, New Cumberland Army Depot, New Cumberland, PA, 17070-5096.

f. Technical questions concerning Cooperative Logistics Supply Support Arrangements (CLSSAs): Deputy for Operations, U.S. Army Security Assistance Command, ATTN: AMSAC-OL-C, 3rd Street and M Avenue, Building 54, New Cumberland Army Depot, New Cumberland, PA 17070-5096.

g. All other information: Commander, U.S. Army Security Assistance Command, ATTN: AMSAC-(enter MA/, ME/, or MM/ based on region and division that forwarded the LOR), 5001 Eisenhower Avenue, Alexandria, VA 22333-0001.

P8.C.—Points of contact—

(Use on Japan cases). Points of contact (POCs) for this transaction are as follows:

a. Financial information: Security Assistance Accounting Center, Lowry AFB, CO 80279-5000.

b. Requisition, transportation, and supply information: Deputy for Operations, U.S. Army Security Assistance Command, ATTN: AMSAC-(enter OE or OX based on appropriate region), 3rd Street and M Avenue, Building 54, New Cumberland Army Depot, New Cumberland, PA 17070-5096.

c. MAPAD information: Deputy for Operations, U.S. Army Security Assistance Command, ATTN: AMSAC-OL-T, 3rd Street and M Avenue, Building 54, New Cumberland Army Depot, New Cumberland, PA 17070-5096.

d. Submission of reports of discrepancy: (Administrative, accessorial surcharges, mathematical errors, or billing): Security Assistance Accounting Center, ATTN: FSRR, Lowry AFB, CO 80279-5000. (All others): Deputy for Operations, U.S. Army Security Assistance Command, ATTN: AMSAC-(enter OE or OX based on appropriate region), 3rd Street and M Avenue, Building 54, New Cumberland Army Depot, New Cumberland, PA 17070-5096.

e. Status of discrepancies and materiel returns: Deputy for Operations, U.S. Army Security Assistance Command, ATTN: AMSAC-(enter OE or OX based on appropriate region), 3rd Street and M Avenue, Building 54, New Cumberland Army Depot, New Cumberland, PA, 17070-5096.

f. Technical questions concerning Supply Support Arrangements (SSAs): Deputy for Operations, U.S. Army Security Assistance Command, ATTN: AMSAC-OL-C, 3rd Street and M Avenue, Building 54, New Cumberland Army Depot, New Cumberland, PA 17070-5096.

g. All other information: Commander, U.S. Army Security Assistance Command, ATTN: AMSAC-(enter MA/, ME/, or MM/ based on region and division that forwarded the LOR), 5001 Eisenhower Avenue, Alexandria, VA 22333-0001.

P8.C1.—Points of contact—

(Use on Japan cases). Points of contact (POCs) for this transaction are as follows:

a. Financial information: Security Assistance Accounting Center, Lowry AFB, CO 80279-5000.

b. Requisition, transportation, and supply information: Deputy for Operations, U.S. Army Security Assistance Command, ATTN: AMSAC-(enter OE or OX based on appropriate region), 3rd Street and M Avenue, Building 54, New Cumberland Army Depot, New Cumberland, PA 17070-5096.

c. MAPAD information: Deputy for Operations, U.S. Army Security Assistance Command, ATTN: AMSAC-OL-S, 3rd Street and M Avenue, Building 54, New Cumberland Army Depot, New Cumberland, PA 17070-5096.

d. Submission of reports of discrepancy: (Administrative, accessorial surcharges, mathematical errors, or billing): Security Assistance Accounting Center, ATTN: FSRR, Lowry AFB, CO 80279-5000. (All others): Deputy for Operations, U.S. Army Security Assistance Command, ATTN: AMSAC-(enter OE or OX based on appropriate region), 3rd Street and M Avenue, Building 54, New Cumberland Army Depot, New Cumberland, PA 17070-5096.

e. Status of discrepancies and materiel returns: Deputy for Operations, U.S. Army Security Assistance Command, ATTN: AMSAC-(enter OE or OX based on appropriate region), 3rd Street and M Avenue, Building 54, New Cumberland Army Depot, New Cumberland, PA, 17070-5096.

f. Technical questions concerning Supply Support Arrangements (SSAs): Deputy for Operations, U.S. Army Security Assistance Command, ATTN: AMSAC-OL-C, 3rd Street and M Avenue, Building 54, New Cumberland Army Depot, New Cumberland, PA 17070-5096.

g. All other information: Commander, U.S. Army Security Assistance Command, ATTN: AMSAC-(enter MA/, ME/, or MM/ based on region and division that forwarded the LOR), 5001 Eisenhower Avenue, Alexandria, VA 22333-0001.

P8.D.—Points of contact—

(Use on CONUS and OCONUS training LOAs). Points of contact (POCs) for this transaction are as follows:

a. Financial information: Security Assistance Accounting Center, Lowry AFB, CO 80279-5000.

b. Training information: Commander, U.S. Army Security Assistance Training Field Activity, ATTN: ATFA-R, 2017 Cunningham Drive, 4th Floor, Hampton, VA 23666.

c. All other information: Commander, U.S. Army Security Assistance Command, ATTN: AMSAC-(enter MA/, ME/, or MM/

based on region and division that forwarded the LOR), 5001 Eisenhower Avenue, Alexandria, VA 22333-0001.

P8.E.—Points of contact—

(Use on OCONUS training LOAs). Points of contact (POCs) for this transaction are as follows:

a. Financial information: Security Assistance Accounting Center, Lowry AFB, CO 80279-5000.

b. Training information: Commander, U.S. Army Security Assistance Training Field Activity, ATTN: ATFA-R, 2017 Cunningham Drive, 4th Floor, Hampton, VA 23666 and Commander, U.S. Army John F. Kennedy Warfare Center and School, ATTN: ATSU SAT-MO, Fort Bragg, NC 28307-5000.

c. All other information: Commander, U.S. Army Security Assistance Command, ATTN: AMSAC-(enter MA/, ME/, or MM/ based on region and division that forwarded the LOR), 5001 Eisenhower Avenue, Alexandria, VA 22333-0001.

P8.F.—Points of contact—

(Use on cases for services). Points of contact (POCs) for this transaction are as follows:

a. Financial information: Security Assistance Accounting Center, Lowry AFB, CO 80279-5000.

b. Submission of reports of discrepancy: (Administrative, accessorial surcharges, mathematical errors, or billing): Security Assistance Accounting Center, ATTN: FSRR, Lowry AFB, CO 80279-5000. (All others): Deputy for Operations, U.S. Army Security Assistance Command, ATTN: AMSAC-(enter OE or OX based on appropriate region) 3rd Street and M Avenue, Building 54, New Cumberland Army Depot, New Cumberland, PA 17070-5096.

c. Status of discrepancies and materiel returns: Deputy for Operations, U.S. Army Security Assistance Command, ATTN: AMSAC- , 3rd Street and M Avenue, Building 54, New Cumberland Army Depot, New Cumberland, PA 17070-5096.

d. All other information: Commander, U.S. Army Security Assistance Command, ATTN: AMSAC-(enter MA/, ME/, or MM/ based on region and division that forwarded the LOR), 5001 Eisenhower Avenue, Alexandria, VA 22333-0001.

P8.G.—Points of contact—

(Use on CLSSA FMSO I cases). Points of contact (POCs) for this transaction are as follows:

a. Financial information: Security Assistance Accounting Center, Lowry AFB, CO 80279-5000.

b. Requisition, transportation, and supply information: Deputy for Operations, U.S. Army Security Assistance Command, ATTN: AMSAC-(enter OE or OX based on appropriate region), 3rd Street and M Avenue, Building 54, New Cumberland Army Depot, New Cumberland, PA 17070-5096.

c. Technical questions concerning Cooperative Logistics Supply Support Arrangements (CLSSAs): Deputy for Operations, U.S. Army Security Assistance Command, ATTN: AMSAC-OL-C, 3rd Street and M Avenue, Building 54, New Cumberland Army Depot, New Cumberland, PA 17070-5096.

d. All other information: Commander, U.S. Army Security Assistance Command, ATTN: AMSAC-(enter MA/, ME/, or MM/ based on appropriate region and division), 5001 Eisenhower Avenue, Alexandria, VA 22333-0001.

P9.A.—Predeployment—

Predeployment and orientation include (followed by a brief but comprehensive description of activities to be conducted during this period).

P9.B.—Predeployment—

(Applicable to training cases). The organization, mission, and development schedule of the teams may be altered based on findings and recommendations developed during the predeployment or advance party visit, when appropriate. (OCONUS cases, as appropriate.)

P10.—Preproduction costs—

Production start-up and/or technical data package update costs may be applicable prior to production. If these costs become applicable, they will be added to the unit cost of the item.

P11.—Preservation—

Shipments of combat and tactical vehicles will be preserved in level B, drive-on/drive-off condition, unless otherwise specified by the purchaser (level A is long term storage). This enables freight forwarders and carriers to handle and transport the vehicles in a more efficient and cost effective manner and will expedite vehicle deprocessing.

P12.—Preservation and packing—

Materiel will be packed and marked in accordance with MIL STDs 2073-1A and 129. The materiel will be preserved to level A and packed to not less than level B.

P13.A.—Price and availability—

The quantity is not currently on contract nor have contract negotiations pertaining thereto been initiated. Therefore, the price and availability reflected are based upon established procurement cost estimating procedures only. If price and availability are changed as a result of actual contract negotiations, notification of such changes will be furnished according to current procedures.

P13.B.—Price and availability—

Price and availability are based on acceptance of this case during the month of (enter month). Earlier acceptance will not necessarily reduce availability lead time.

P14.A.—Pricing—

Attention is especially invited to paragraphs A.5.b, A.5.c, and B.1 of annex A (General Conditions) of this LOA. In this connection, prices shown on this Letter of Offer and Acceptance are estimated prices based on the most accurate information available at time of preparation. The uncertainties of world economics, acute shortages of strategic materials, and other service-related cost factors make it extremely difficult to accurately forecast future costs. Should extenuating circumstances dictate revision, our best efforts will be employed to advise the purchaser immediately of any identifiable cost increase which may result in increase in the "Estimated Total Cost"; however, the purchaser is required to pay increased costs whether or not this advice had been previously furnished. Expeditious acceptance can assist in timely delivery at the lowest possible price.

P14.B.—Pricing (out-year)—

The prices shown are the best estimates available. Because prices are dependent on rapidly changing military pay and allowances, per diem rates, and cost of air fares, they may increase significantly between now and the fiscal year that the team deploys. A DD Form (enter 1513-2 or 1513S-2) will be furnished when firm cost estimates are available.

P14.C.—Pricing (contractor estimates)—

Cost estimates used in this case are a combination of the best estimates available; however, cost estimates do not include the most current procurement cost estimates from all contractors. The purchaser's desire for a Letter of Offer and Acceptance at an early date or our desire to include your procurement action with that of the U.S. Army or other customers precluded receiving contractor input on all contractor-furnished items/services.

P15.—Priorities—

Priorities reflected on requisitions will be per issue priorities contained in DOD 4140.17-M MILSTRIP (AR 725-50) as authorized for the force activity designator assigned to your country; however, requisitions placed by the purchaser against this case may only be filled from existing stocks to the extent that satisfying requirements will not reduce inventory levels for the required item(s) below the

reorder point. Procurement lead time is required for items not available from stock above the reorder point. If procurement is not desired, requisition may be processed on a "fill or kill" basis by entering advice code "2J" in card column 65-66 of the requisition.

P16.A.—Procurement—new production—

Item(s) (line item number(s)) will be supplied from new production and will be the latest U.S. configuration at time of production. Since the scheduled deliveries range over a period of time, all quantities may not be supplied from the same production run. There may be minor variance in some of the items as a result of engineering change orders applied during the production life of this sales case. These variances, if any, will not affect the supportability and maintainability of the items supplied. Some engineering change orders are minor and do not result in subsequent modification work orders. The U.S. Government will make its best effort to offer the purchaser an opportunity to procure any modification work orders that are approved subsequent to production and delivery of this equipment.

P16.B.—Procurement-sole source—

Paragraph A.1 of annex A (General Conditions) of the Letter of Offer and Acceptance states in part: "Unless the purchaser has requested that a sole source contractor be designated, and this Letter of Offer and Acceptance reflects acceptance of such designation by the DOD, the purchaser understands that selection of the contractor source to fill this requirement is solely the responsibility of the Government of the United States (hereinafter referred to as USG)." By letter dated (date of letter) the purchaser has requested that (name of specific firm or other private source) be designated as (prime contractor) or (subcontractor) for (line/item(s)) of this Letter of Offer and Acceptance. This note is evidence that DOD has accepted such request of the purchaser and that such designation is required at the written direction of the purchaser.

P17.—Projected excesses—

Item(s) offered is/are projected excess(es) and a firm availability date cannot be established at this time. It is expected that the item(s) will be furnished as the item(s) become(s) available. It is emphasized that this offer covers projected excess only, and that any or all of the items may be cancelled if excess does not materialize.

P18.A.—Publications—

Estimated charges reflected are for Department of the Army publications listed at (appropriate annex) which are required to operate and perform (enter unit, intermediate, and/or depot)-level maintenance on end items and ancillary equipment on this offer. Simultaneously with acceptance of the offer the purchaser should review and establish any additional distribution requirements for listed publications and changes thereto. Upon establishment of such requirements, the following should be accomplished in order to ensure in-country adequacy of applicable publications:

a. If the purchaser has a current "T" publications case with "initial distribution" provisions as explained in DA Pam 25-32, Chapter 3, submit applicable DA 12-series form(s) covering required publications. If a current "T" publications case does not contain initial distribution provisions or such provisions are not desired, submit DA Form 4569-1-R requisitions covering required publications.

b. If the purchaser does not have a current "T" publications case, submit request for a "T" FMS case according to normal FMS procedures.

c. One copy of each publication preceded by an asterisk (*) will be issued with each end item delivered.

P18.B.—Publications—

(Use if for less than five publications). The following Department of the Army publications are required to operate and perform (enter unit, intermediate, and/or depot)-level maintenance on end items and ancillary equipment on this offer. Simultaneously with acceptance of this offer, the purchaser should review and establish distribution

requirements for listed publications and changes thereto. Upon establishment of such requirements, the following should be accomplished in order to ensure in-country adequacy of applicable publications.

a. If the purchaser has a current "T" publications case with "initial distribution" provisions as explained in DA Pam 25-32, Chapter 3, submit applicable DA 12-series form(s) covering required publications. If a current "T" publications case does not contain initial distribution provisions or such provisions are not desired, submit DA Form 4569-1-R requisitions covering required publications.

b. If the purchaser does not have a current "T" publications case, submit request for a "T" FMS case covering required publications according to normal FMS procedures.

c. One copy of each publication preceded by an asterisk (*) will be issued with each end item delivered.

P18.C.—Publications—

(Use if for more than 5 publications). The Department of the Army publications listed at (appropriate annex) are required to operate and perform (enter unit, intermediate, and/or depot)-level maintenance on end items and ancillary equipment on this offer. Simultaneously with acceptance of this offer, the purchaser should review and establish distribution requirements for listed publications and changes thereto. Upon establishment of such requirements, the following should be accomplished in order to assure in-country adequacy of applicable publications.

a. If the purchaser has a current "T" publications case with "initial distribution" provisions as explained in DA Pam 25-32, Chapter 3, submit applicable DA 12-series form(s) covering required publications. If a current "T" publications case does not contain initial distribution provisions or such provisions are not desired, submit DA Form 4569-1-R requisitions covering required publications.

b. If the purchaser does not have a current "T" publications case, submit request for a "T" FMS case covering required publications according to normal FMS procedures.

c. One copy of each publication preceded by an asterisk (*) will be issued with each end item delivered.

P18.D.—Publications-no assigned number—

A manufacturer operator's manual is provided with this item. This manual is not identified by an assigned U.S. Army number, and cannot be obtained through normal U.S. Army publication channels.

P19.—Program management—

Estimated charges reflected are for extraordinary costs that must be incurred to execute this case. These charges are for (specify what the charges include). This line does not include functions/costs covered by the FMS administrative fee.

P20.—Period of performance—

This maintenance support arrangement covers the period from (date) to (date).

Q1.—Quality assurance (QA) team—

This service provides for a team to accompany the materiel when delivered in-country. The (enter number of members on the team) team members will do quality checks, monitor onloading operations in CONUS (as necessary), observe off-loading in purchaser country, provide advice (as necessary) in deprocessing and reassembly operations, assist with necessary preoperational tests and checks, and help resolve problems. The team will consist of technically qualified specialists to assess physical and operational aspects of the materiel to demonstrate that it is according to terms of the case. The team is not required to conduct operator or maintenance training. The team chief will end this service by signing a Statement of Mutual Understanding with the purchaser. The statement will indicate agreements reached as to condition and completeness. It will also indicate further actions needed to resolve problems verified at the deprocessing location. The estimated costs cover travel, salary and related costs,

and per diem cost of the team. The purchaser will be billed only for costs incurred by the U.S. Government.

Q1.A.—Quality assurance (QA) team—

Services of a QA team are offered as line item (line item number) and are described in detail in note (note number). The QAT services are beneficial and will assist the purchaser's personnel in verifying operability and correction of any problems encountered; as well as helpful familiarization guidance to assure satisfaction of the end item systems provided. The U.S. Government firmly recommends acceptance of the QA team services to ascertain that all aspects of the agreement between the U.S. Government and (enter Government of, Taiwan, or international organization) are fully understood and that satisfaction with the delivery is achieved. Acceptance of the QA team will preclude unnecessary misunderstandings concerning unresolved problems and appropriate corrective actions will be initiated on-site or within a reasonable time frame. (Note: It is important that the purchaser clearly understands the potential ramifications of declining QA team services (i.e., the U.S. Government will not monitor CONUS outloading to assess transportation damage; the U.S. Government will not perform on-site preoperational checks nor demonstrate operability; the U.S. Government representatives will not be available to assist the customer in unforeseen problems/discrepancies; there may be lengthy delays in processing valid customer complaints, resulting in possible detriments to materiel operational readiness.)

Q1.B.—Quality assurance (QA) team declination—

As indicated by (letter, message, memo) the purchaser wishes to delete line (line item number) for QA team services. Lack of QA team services for delivery of line item (line item number) will be a detriment to proper fielding of this system, as stated in note (indicate number of note Q1.A). Request that the attached waiver be signed by the same official who accepts the amendment. Further request that the waiver accompany the acceptance as indication that the ramifications of declining these services is clearly understood.

Q2.A.—Quantity—

Quantity of item(s) (line item number(s)) has/have been adjusted to the standard unit of issue.

Q2.B.—Quantity—

Quantity of item(s) (line item number(s)) offered is/are estimated based on U.S. Army support requirements. Actual quantity should be determined by the purchaser based on intended deployment and training base requirements. Additional quantities should be included in a foreign military sales case established for this purpose.

R1.—Radioactive items

a. This case includes items containing radioactive materiel identified below:

ITEM	RADIOISOTOPE & QUANTITY PER ITEM
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b. Radioactive items should be handled and stored according to international atomic energy standards and the purchaser's radiation safety regulations.

c. Radioactive materials when no longer required shall be disposed of by the purchaser at the designated burial site for radioactive waste according to purchaser's regulations.

R2.—Range training—

The purchaser is responsible for providing an area capable of supporting exercise or live fire training, with medic and ambulance, as appropriate to the mission. The purchaser is also responsible for all range support to include communications and personnel to provide and enforce necessary safety requirements and standards. While the U.S. training element may advise, the purchaser is totally responsible for range operations and adherence to necessary safety standards.

R3.—Rehabilitation services—

Acceptance of this Letter of Offer and Acceptance and subsequent

delivery of the materiel does not imply or commit the U.S. Government to accept a separate request for rehabilitation services, supply of shortages, or supportability, beyond (calendar year). These services will be provided only if within the sources of the U.S. Army at the time a request is made by the purchaser for such services. If the U.S. Army is unable to accept such a request, it will employ its best efforts to provide names and addresses of possible commercial sources from which these services may be obtained.

R3.A.—Rehabilitated item—

(Use on SELPO cases only). Item(s) (line item number(s)) is/are provided from stock and will be rehabilitated to “like-new” condition (mechanically, electronically, and cosmetically).

R4.A.—Repair/overhaul (depot inspection)—

The reparable items will be inspected upon receipt at the receiving depot. If determined to be uneconomically reparable based upon the U.S. Army maintenance criteria, the purchaser will be so informed and requested to furnish disposition or repair instructions. Transportation costs for return of uneconomically reparable items will be borne by the purchaser.

R4.B.—Repair/overhaul (high dollar components)—

The major repair/overhaul of high dollar components such as (enter examples, e.g., engines, transmission, gear boxes, etc.) can present a problem when in-country capability does not exist. It is, therefore, suggested that this type of requirement be evaluated at an early stage in equipment operations. Repair/overhaul capability not available within customer country can be augmented by the original manufacturer or other developed commercial sources. In those cases where neither an organic capability nor a commercial source is available, the U.S. Government can consider, through normal foreign military sales channels, a maintenance support arrangement to ensure that these critical items do not cause degradation of materiel support.

R4.C.—Repair/overhaul (reusable containers)—

Where applicable, items should be returned in the reusable container in which issued. If repairs to the container are required, the cost of such repair will be added to the overhaul cost of the reparable item.

R4.D.—Repair and return (import license)—

For re-export from the United States of U.S.-origin items previously sold to a foreign government or international organization which are being returned to the United States for repair and return, the purchaser is responsible for obtaining the In-Transit Import License DSP-61 and appropriate customs clearance.

R5.—Repair part listings—

Repair part listings will be furnished in three copies to support the following items which are all included in item (line item number).

R6.—Reporting discrepancies—

Notwithstanding the final sentence of paragraph B.6 of annex A (General Conditions) of this LOA, any claim, including a claim for shortage (but excluding a claim for nonshipment/nonreceipt of an entire shipment), received after 1 year from passage of title will be disallowed by the U.S. Government, unless the U.S. Government determines that unusual and compelling circumstances involving latent defects justify consideration of the claim. Any claim for nonshipment/nonreceipt of an entire shipment received after 1 year from date of passage of title or billing, whichever is later, will be likewise disallowed by the U.S. Government.

R7.—Requests for additional training—

Additional training may be added to this case providing course start date(s) are 30 September (year) or before. Additional training with course start dates after 30 September (year) will be included in a separate Letter of Offer and Acceptance.

R8.—Required delivery date—

The date shown in column (enter 18 or 19) reflects the date the items are required to be delivered in-country.

R9.—Requirements/availability—

(Use is required). Courses and quantities on attached listing reflect training requested by purchaser. Actual availability will depend on capability to furnish requested quantities in relation to worldwide requirements. (When firm class schedules become available, SATFA will insert reporting and ending dates on allocation sheets, and reproduce and forward to all concerned for appending to blanket order cases.)

R10.—Requirement qualification—

When requirements exceed the initial dollar value of this LOA during the contract year, requisitions against the amended/modified case will be filled from wholesale stocks above the reorder point or from procurement.

R11.A.—Requisitioning—

(Applicable to SSBO cases).

a. Accepted cases must be implemented by the U.S. Army Security Assistance Command, Alexandria, VA, prior to submission of requisitions by the purchaser. Purchaser will be furnished a copy of the implementing instructions. Thereafter, purchaser should forward requisitions for items contained in the system support buyout list to: Deputy for Operations, U.S. Army Security Assistance Command, ATTN: AMSAC—(enter OE or OX based on appropriate region), 3rd Street and M Avenue, Building 54, New Cumberland Army Depot, New Cumberland, PA 17070-5096.

b. Requirements should be forwarded to the above address either on DD Form 1348-M (DOD Single Line Item Requisition System Document (Mechanical)), DD Form 1348 (DOD Single Line Item Requisition System Document (Manual)), or DD Form 1348-6 (DOD Single Line Item Requisition System Document (Manual Long-Form)). Requisitions should reference this foreign military sales case and provide shipping and marking instructions. Requisitions must be serially numbered (card columns 40 thru 43) in the F001 through F799 series and contain project code (enter project code in card columns 57 through 59).

R11.B.—Requisitioning—

Materiel on this case will be supplied under DOD 4140.17-M MILSTRIP (AR 725-50) procedures and DOD 4000.25-8-M MAPAD. The U.S. Army Security Assistance Command will prepare all requisitions for the materiel on this case.

R11.C.—Requisitioning—

Materiel on this case will be supplied under DOD 4140.17-M MILSTRIP (AR 725-50) procedures and DOD 4000.25-8-M MAPAD. Requirements for this case should be submitted to: Deputy for Operations, U.S. Army Security Assistance Command, ATTN: AMSAC—(enter OE or OX based on appropriate region), 3rd Street and M Avenue, Building 54, New Cumberland Army Depot, New Cumberland, PA 17070-5096. The U.S. Army Security Assistance Command will prepare all requisitions for the requirements on this case. Requirements should be forwarded to the above address by message or letter, making reference to this foreign military sales case and providing shipping and marking instructions to include the freight forwarder and in-country code. All items requested must be identified to a valid national stock number (NSN) or current manufacturer's code and reference number. Requirements not so identified may be cancelled.

R11.D.—Requisitioning—

Requisitions will not be accepted under this case prior to completion of requisitioning for full value of (case identifier).

R11.E.—Requisitioning (CLSSA)—

(Applicable to FMSO II cases). All items requisitioned under this CLSSA should be for stock replenishment, as requirements occur,

and not for initial provisioning, support of depot rebuild programs, or the purpose of one time stock level increases. Requisitions are restricted to those items specifically in support of the major items identified in the FMSO I. Nonrecurring demands under CLSSAs must be held to an absolute minimum. Since such requirements are unprogrammed, fill will be subject to stock availability. Requisitions must not be submitted prior to case implementation by the U.S. Army Security Assistance Command, Alexandria, VA 22333-0001.

R11.E1.—Requisitioning (CLSSA)—

(Applicable to FMSO II cases). All items requisitioned under this CLSSA should be for stock replenishment, as requirements occur, and not for initial provisioning, support of depot rebuild programs, or the purpose of one time stock level increases. Requisitions are restricted to those items specifically in support of the weapon systems and major items identified in the FMSO I, annex B. Exceptions are nonrecurring demands and those unprogrammed requirements projected for inclusion in the subsequent renegotiation effort. Since such requirements are unprogrammed, fill will be subject to stock availability. Requisitions must not be submitted prior to case implementation by the U.S. Army Security Assistance Command, Alexandria, VA 22333-0001.

R11.F.—Requisitioning (SSA)—

(Applicable to FMSO II cases for Japan). All items requisitioned under this SSA should be for stock replenishment, as requirements occur, and not for initial provisioning, support of depot rebuild programs, or the purpose of one time stock level increases. Requisitions are restricted to those items specifically in support of the major items identified in the FMSO I. Nonrecurring demands under SSAs must be held to an absolute minimum. Since such requirements are unprogrammed, fill will be subject to stock availability. Requisitions must not be submitted prior to case implementation by the U.S. Army Security Assistance Command, Alexandria, VA 22333-0001.

R11.G.—Requisitioning—

(Applicable to AMC publications cases). Purchaser should forward requirements against this agreement as follows:

a. Requisitions for unclassified publications will be submitted on DA Form 17 (in triplicate) directly to the Deputy for Operations, U.S. Army Security Assistance Command, ATTN: AMSAC-(OE or OX based on appropriate region), 3rd Street and M Avenue, Building 54, New Cumberland Army Depot, New Cumberland, PA 17070-5096.

b. The final date for acceptance of requirements against this case is (date).

c. This transaction replaces FMS case (case identifier). (appropriate if follow-on case)

d. DA Form 17 must reference case (case identifier), provide appropriate marking instructions, and be identified by a valid title or control number.

R11.H.—Requisitioning—

(Applicable to "T" cases). Purchaser should forward requirements against this agreement as follows:

a. Requisitions for unclassified publications will be submitted on DA Form 4569-1-R (in duplicate) directly to Deputy for Operations, U.S. Security Assistance Command, ATTN: AMSAC-(OE or OX based on appropriate region), 3rd Street and M Avenue, Building 54, New Cumberland Army Depot, New Cumberland, PA 17070-5096.

b. Requisitions for classified publications and sensitive accountable forms, orders for restricted publications, and requests for unclassified publications/forms must each be submitted on a separate DA Form 4596-1-R. Requisitions will not be mixed on the same form.

c. The final date for acceptance of requirements against this case is (date).

d. This transaction replaces FMS case (case identifier). (appropriate if follow-on case)

R11.I.—Requisitioning (materiel)—

(Applicable to materiel blanket order or FMSO II cases).

a. Accepted cases must be implemented by the U.S. Army Security Assistance Command, Alexandria, VA, before purchaser submits requisitions. Purchaser will be furnished a copy of the implementing instructions. The purchaser may then send requirements to: Deputy for Operations, U.S. Army Security Assistance Command, ATTN: AMSAC-(enter OE or OX based on appropriate region), 3rd Street and M Avenue, Building 54, New Cumberland Army Depot, New Cumberland, PA 17070-5096.

b. The requirements should be sent to the above address either on DD Form 1348-M, DD Form 1348, or DD Form 1348-6. Reference should be made to this foreign military sales case. Shipping and marking instructions must be provided. All items requisitioned must be identified to a valid national stock number or current manufacturer's code and reference number. The final date for acceptance of requisitions against this case is (date). This transaction replaces foreign military sales case (case identifier). Requisitions must not be submitted prior to case implementation by the U.S. Army Security Assistance Command, Alexandria, VA.

R11.J.—Requisitioning (purchaser initiated)—

The purchaser may not submit requisitions under this case for controlled items which contain Acquisition Advice Codes A or B. These items should be obtained through a defined order case. Items with Acquisition Advice Code C may be requisitioned but are service managed and if not authorized will be rejected with status code "CQ."

R11.K.—Requisitioning (repair parts)—

Requisitions for repair parts not stocked for U.S. Army support will be filled if stocks are available. If not, they may be held on backorder pending accumulation of sufficient requirements for an economic procurement. Backorders are periodically screened, and if there are insufficient requirements, a cost estimate will be provided to verify that the higher cost is acceptable.

R12.A.—Return of materiel—

(For European maintenance cases). When repairs have been completed and materiel is ready for return to customer, Mainz Depot will provide a DD Form 1348-5 (Notice of Availability/Shipment) to your designated representative. A set of DD Form 1348-1 and a copy of the DA Form 2407 will accompany the materiel. The forms will reflect the customer's assigned "B" type document number.

R12.B.—Return of materiel requiring special handling—

Purchaser will notify appropriate U.S. Government representative in country of all classified, sensitive, and explosive items requiring shipment to continental United States so that necessary safeguards may be initiated for movement of the materiel by DOD military transportation.

R13.—Review of items programmed for repair—

The purchaser may revise the list of items in (appropriate note or annex), which are programmed for repair on a quarterly basis by advising Commander, U.S. Army Security Assistance Command, ATTN: AMSAC-(enter symbol MA/, ME/, or MM/) based on region and division which forwarded the LOR), 5001 Eisenhower Avenue, Alexandria, VA 22333-0001. The purchaser will advise the U.S. Government as far in advance as possible of any deviations to turn in schedules.

R14.—Revision of letter of offer and acceptance (LOA)—

This LOA may be modified/amended based on the findings/determinations of the advance party or predeployment survey, as appropriate.

R15.—Royalties—

A royalty equal to 8 percent of the Republic of Korea sale price (exclusive of administrative or accessorial charges) will be paid to the U.S. Government for all items produced for third country sale. If

the Republic of Korea price cannot be obtained, the royalty will be based upon the latest cost of the item to the U.S. Government. It will be assessed only if the item is in production in the United States at the time of production by the Republic of Korea for third-country sale.

S1.—Safety requirements of flight delivery of foreign military sales aircraft—

a. If flight delivery by customer from origin is desired, the aircraft must be placed in safe operating condition consistent with established standards of the military service of origin or the Federal Aviation Administration (FAA). Required maintenance may be accomplished through negotiation with the service of origin or a commercial FAA certified facility. All costs will be borne by the purchaser.

b. Aircraft will be released for flight only after an inspection by the military service of origin has determined that military service standards have been met. When maintenance has been performed by an FAA certified facility, release will be affected by FAA or service of origin inspection, as appropriate.

c. One set of technical manuals (TMs) and 2 quarts each of engine oil and hydraulic fluid will be provided for each aircraft scheduled for flight delivery. The U.S. Government reserves the right to prohibit unsafe flight practices; e.g., transporting cans, drums, plastic containers, etc., filled with volatile fuels and/or utilization of unauthorized auxiliary fuel systems.

S2.—School year—

(appropriate FY) FMS training costs reflected on attached listing are applicable to courses with a report date between 1 October (year) and 30 September (year). These costs are estimates subject to final (appropriate FY) FMS course cost computations.

S3.A.—Security—

(Use on all LOAs, except those for NATO and NATO commands and agencies). In addition to the assurances contained in annex A, paragraph B.9 of this Letter of Offer and Acceptance, the purchaser certifies that it will maintain the security of any classified material or information, to include articles, plans, designs, specifications, and technical data, described in this Letter of Offer and Acceptance commensurate with existing security agreements between the U.S. Government and the purchaser. If such security agreements do not exist, the purchaser certifies that: (a) classified U.S. Government material or information furnished under this Letter of Offer and Acceptance will be afforded a degree of security protection at least equal to that afforded by the U.S. Government; (b) such classified material or information will not be provided to anyone not an officer, employee, or agent of the purchaser, except as specified in this Letter of Offer and Acceptance, without the approval of the U.S. Government; (c) the material or information will be used only for the purpose specified in this Letter of Offer and Acceptance; (d) the purchaser will promptly and fully inform the U.S. Government of any compromise, or possible compromise, of U.S. classified material or information furnished pursuant to this Letter of Offer and Acceptance; and (e) classified material or information will be provided only to those individuals having an adequate security clearance and a specific need to know in order to carry out the LOA program. The purchaser further certifies that if the U.S. classified material or information is to be furnished to its contractor pursuant to said Letter of Offer and Acceptance: (a) such material or information will be exchanged through official government channels; (b) the specified contractor has been granted a facility security clearance by the purchaser at a level at least equal to the classification level of the U.S. information involved; (c) all contractor personnel requiring access to such material or information have been cleared to the appropriate level by the purchaser; and (d) the purchaser will assume responsibility for administering security measures for the protection of such material or information while it is in the possession of its contractor. Additionally, if a commercial transportation agent or freight forwarder is to be used for shipment, the purchaser

certifies that such transportation agent or freight forwarder has been cleared at the appropriate level for the handling of classified material.

S3.B.—Security—

(Use on SALF LOAs offering an MTT, TAT, or TAFT).

a. In addition to the assurances contained in annex A, paragraph B.9 of this Letter of Offer and Acceptance, the purchaser certifies that it will maintain the security of any classified material or information, to include articles, plans, designs, specifications, and technical data, described in this Letter of Offer and Acceptance commensurate with existing security agreements between the U.S. Government and the purchaser. If such security agreements do not exist, the purchaser certifies that: (a) classified U.S. Government material or information furnished under this Letter of Offer and Acceptance will be afforded a degree of security protection at least equal to that afforded by the U.S. Government; (b) such classified material or information will not be provided to anyone not an officer, employee, or agent of the purchaser, except as specified in this Letter of Offer and Acceptance, without the approval of the U.S. Government; (c) the material or information will be used only for the purpose specified in this Letter of Offer and Acceptance; (d) the purchaser will promptly and fully inform the U.S. Government of any compromise, or possible compromise, of U.S. classified material or information furnished pursuant to this Letter of Offer and Acceptance; and (e) classified material or information will be provided only to those individuals having an adequate security clearance and a specific need to know in order to carry out the program offered. The purchaser further certifies that if the U.S. classified material or information is to be furnished to its contractor pursuant to said Offer and Acceptance: (a) such material or information will be exchanged through official government channels; (b) the specified contractor has been granted a facility security clearance by the purchaser at a level at least equal to the classification level of the U.S. information involved; (c) all contractor personnel requiring access to such material or information have been cleared to the appropriate level by the purchaser; and (d) the purchaser will assume responsibility for administering security measures for the protection of such material or information while it is in the possession of its contractor. Additionally, if a commercial transportation agent or freight forwarder is to be used for shipment, the purchaser certifies that such transportation agent or freight forwarder has been cleared at the appropriate level for the handling of classified material.

b. Per Article 6 of the 1977 agreement between the Governments of Saudi Arabia and the United States of America, each member of the (enter MTT, TAT, TAFT) agrees not to divulge, or in any way disclose to any unauthorized person whatsoever, any Saudi Arabian classified material of which he may be cognizant or which may be revealed to him in his capacity as a member of the (enter MTT, TAT or TAFT), or after expiration of this agreement.

S3.C.—Security—

(Use on LOAs for NATO (excluding NATO member governments), NATO commands and agencies). All U.S. classified material or information, to include articles, plans, designs, specifications, and technical data, described in the Letter of Offer and Acceptance shall be protected as NATO classified information of an equivalent classification level in accordance with the policy and procedures contained in NATO Document C-M(55)15 (Final), "Security within the North Atlantic Treaty Organization."

S4.—Security assistance team (SAT) composition—

Cost estimate in block (enter 15 or 17) is for a (type of team) consisting of (number) officers, (grade(s)); (number) Department of Defense civilians, (grade(s)); and (number) enlisted personnel, (grade(s)) for a period of (days/months/years). The U.S. Government retains the right to substitute individuals and grades required for mission accomplishment based upon personnel skills available at the time of team deployment.

S5.A.—Security assistance team (SAT) deployment—

The U.S. Government will make its best efforts to deploy the SAT within 30 days of completion of the predeployment visit and/or certification of the U.S. Government security assistance organization, in-country, that training deployment prerequisites have been met.

S5.B.—Security assistance team (SAT) deployment—

Since an in-country delivery date for equipment has not yet been determined, selection of personnel has not been made. Deployment date in block (enter 18 or 16) is for cost estimate purposes only. The purchaser should establish a desired in-country team deployment date and advise Commander, U.S. Army John F. Kennedy Special Warfare Center and School, ATTN: ATSU-SATMO, Fort Bragg, NC 28307-5000, at least 6 months in advance. Information copies of this advice should be sent to: Commander, Security Assistance Training Field Activity, ATTN: ATFA-R, P.O. Drawer T, Hampton, VA 23666 and to Security Assistance Training Field Activity, ATTN: ATFA-WLO, 5001 Eisenhower Avenue, Alexandria, VA 22333-0001. The U.S. Government will make every effort to meet the desired deployment date.

S6.A.—Security requirements (materiel)—

Pursuant to paragraph B.9, annex A of DD Form (enter 1513 or 1513S) the purchaser shall provide the same degree of protection as required by the U.S. Army for materiel identified in line item(s) (line item number(s)) while it is under the control of purchaser or purchaser's duly authorized agent/ representative for transportation, storage, use, or other disposition. Such protection shall, as a minimum, conform to the standards and criteria prescribed/categorized in (see note). Purchaser further agrees to ensure that all personnel responsible for this materiel are aware of these requirements. (Note: Enter DOD 5100.76-M for sensitive conventional arms, ammunition, and explosives (AA&E); AR 380-5 (DOD 5200.1-R) for classified items; and TM 9-1300-206 for AA&E not classified or sensitive. When a combination of these entries apply, all appropriate references will be entered.)

S6.B.—Security requirements (HAWK missile and/or AN/TSQ-73 Missile Minder)—

Your attention is invited to paragraph B.9, annex A of DD Form (enter 1513 or 1513S), which discusses security of classified material and information. HAWK and/or AN/TSQ-73 materiel includes Army Tactical Data Link-1 (ATDL-1) and/or Tactical Digital Information Link-B (TADIL-B). It should be noted that ATDL-1 and TADIL-B formats are classified, regardless of data content, and cannot be transmitted over insecure communications media. Therefore, U.S.-approved encryption devices are required to provide security of all data and voice transmissions, with the exception of normal intrabattery communications.

S6.C.—Security requirements (HAWK missile and/or AN/TSQ-73 Missile Minder)—

Your attention is invited to paragraph B.9, annex A to DD Form (enter 1513 or 1513S), which discusses security of classified material and information. Although an unclassified data link is being used, the protection of classified information relating to U.S. Forces through interconnecting U.S. Forces equipment requires the use of an encryption device on all data and voice circuits, with the exception of normal intrabattery communications.

S6.D.—Security requirements (HAWK missile and/or AN/TSQ-73 Missile Minder)—

Your attention is invited to paragraph B.9, annex A to DD Form (enter 1513 or 1513S), which discusses security of classified material and information. HAWK and/or AN/TSQ-73 materiel includes the Army Tactical Data Link-1 (ATDL-1). It should be noted that the ATDL-1 format is classified and cannot be transmitted in the clear. However, since you will be converting to a U.S.-approved unclassified data link format through use of the translator purchased in this case, the requirement for an encryption device is waived.

Should you decide not to purchase the translator, you will be required to use a U.S.-approved encryption device.

S6.E.—Security requirements (HAWK missile and/or AN/TSQ-73 Missile Minder)—

Your attention is invited to paragraph B.9, annex A of DD Form (enter 1513 or 1513S), which discusses security of classified material and information. HAWK and/or AN/TSQ-73 materiel includes the Army Tactical Data Link (ATDL). It should be noted that the ATDL format is classified and cannot be transmitted in the clear. However, since you will be transmitting the Missile Battery Data Link (MBDL) format only, an encryption device is not required.

S6.F.—Security requirements (Man-Portable Air Defense System (MANPADS))—

(Use on NATO, NATO nations, Japan, Australia, and New Zealand cases). Purchaser agrees to adhere to the following additional security requirements. Modification of specified requirements to meet indigenous conditions may be approved by the Office of the Deputy Chief of Staff for Operations and Plans (DAMO-ODL-S), U.S. Army.

a. Physical security: The (insert appropriate missile) will be stored in magazines that are at least equivalent in strength to U.S. Army requirements as specified in subparagraph (1) below. The purchaser also agrees to comply with U.S. Army-specified requirements for lighting, doors, locks, keys, fencing, and surveillance and guard systems. Specific requirements will be agreed upon and installed prior to delivery of the missile system. U.S. Army representatives will be allowed to verify security measures and procedures established for implementation of these requirements.

(1) Magazines: Reinforced concrete, arch type, earth covered whose construction is at least equivalent in strength to the requirements of chapter 5, Department of Defense Manual 6055.9-STD, Ammunition and Explosive Safety Standards, July 1984, will be used for storage (standards will be provided to the purchaser).

(2) Lighting: Lighting will be provided for exterior doors and along perimeter barriers. Security lighting requirements will conform to the ammunition and safety requirements of U.S. Army Technical Manual 9-1300-206, appendix C (standards will be provided to the purchaser).

(3) Doors, locks, and keys: Exterior doors will be class five steel vault doors secured by two key operated high security padlocks and a high-security shrouded hasp. Keys will be secured separately to ensure effective two-man control of access (i.e., two authorized persons must be present to enter). Use of a master or multiple key system is prohibited.

(4) Fencing: Fencing will be 6-foot (minimum) steel chain link with a 1-foot overhang mounted on steel or reinforced concrete posts over firm base. Clear zones will be established 30 feet inside and 12 feet outside the perimeter fence, provided there is adequate space.

(5) Surveillance and guard: A full-time guard force or combination guard force and intrusion detection system (IDS) will be provided. When the IDS is not operational, 24-hour guard surveillance is required.

(6) Access to storage facilities: Two authorized persons will be required to be present during any activity which affords access to storage facilities containing missiles. Lock and key procedures will be developed to ensure that no single individual can obtain unescorted or unobserved access to missile storage facilities.

b. Accountability:

(1) A 100 percent physical inventory of weapons and gripstocks, when applicable, will be taken monthly by the purchaser. A 100 percent physical inventory, by serial number, shall be taken quarterly of weapons issued at the operational unit level. A 100 percent physical inventory, by serial number, shall be taken semiannually of weapons stored or retained at installation, depot, post, or base level. All inventories must be conducted by two authorized persons to ensure verification. Weapons expended during peacetime will be accounted for by serial number.

(2) The (insert appropriate foreign country security assistance

organization) will be permitted to conduct a U.S. inspection and inventory by serial number annually. Inventory and accountability records maintained by the purchaser will be made available for review.

c. Transportation: Movements of missiles will meet U.S. standards for safeguarding classified materiel in transit as specified by the U.S. Government in DOD 5100.76-M, Physical Security of Sensitive Conventional Arms, Munitions, and Explosives (standards will be provided to the purchaser), and paragraph h, below.

d. Access to hardware and classified information:

(1) Access to hardware and related classified information will be limited to military and civilian personnel of the purchasing government, except for authorized U.S. personnel as specified herein, who have the proper security clearance and who have an established need-to-know the information in order to perform their duties. Information released will be limited to that necessary to perform assigned functions or operational responsibilities and, where possible, will be oral or visual only.

(2) Maintenance which requires access to the interior of the operational system, beyond that required of the operator, will be performed under U.S. control.

e. Compromise, loss, theft, and unauthorized use: The purchaser will report to the U.S. Army by the most expeditious means any instances of compromise, unauthorized use, loss, or theft of any missiles or related materiel or information. This will be followed by prompt investigation, and the results of the investigation will be provided to the U.S. Army.

f. Third-party access: The recipient will agree that no information on (insert appropriate missile) will be released to a third-country government, person, or other third-country entity without U.S. approval.

g. Damaged/expended materiel: Damaged systems, launchers, and/or gripstocks will be returned to the U.S. Army for repair or demilitarization.

h. Conditions of shipment and storage for STINGER and STINGER variants: The two principal components of the (insert appropriate missile system), the gripstock, and the missile in its disposable launch tube, will be stored in separate locations and will be shipped in separate containers. The two storage locations will be physically separated sufficiently so that a penetration of security at one site will not place the second at risk.

i. Conditions of use: Assembly of the system will not be permitted for field exercises or deployments where the use of (insert appropriate missile) system is simulated. In such cases, inert training devices may be used. The recipient will use information on (insert appropriate missile) only for the purpose for which it was given.

S6.G.—Security requirements (Man-Portable Air Defense System (MANPADS))—

(Use on cases not covered by Note S6.F). Purchaser agrees to adhere to the following additional security requirements associated with MANPADS. Modification of specified requirements to meet indigenous conditions may be approved by the Office of the Deputy Chief of Staff for Operations and Plans (DAMO-ODL-S), U.S. Army.

a. Physical security: The (insert appropriate missile) will be stored in magazines that are at least equivalent in strength to U.S. Army requirements as specified in subparagraph (1) below. The purchaser also agrees to comply with U.S. Army-specified requirements for lighting, doors, locks, keys, fencing, and surveillance and guard systems. Specific requirements will be agreed upon and installed prior to delivery of the missile system. U.S. Army representatives will be allowed to verify security measures and procedures established for implementation of these requirements.

(1) Magazines: Reinforced concrete, arch type, earth covered whose construction is at least equivalent in strength to the requirements of chapter 5, Department of Defense Manual 6055.9-STD, Ammunition and Explosive Safety Standards, July 1984, will be used for storage (standards will be provided to the purchaser).

(2) Lighting: Lighting will be provided for exterior doors and

along perimeter barriers. Security lighting requirements will conform to the ammunition and safety requirements of U.S. Army Technical Manual 9-1300-206, appendix C (standards will be provided to the purchaser).

(3) Doors, locks, and keys: Exterior doors will be class five steel vault doors secured by two-key operated high security padlocks and a high security shrouded hasp. Keys will be secured separately to ensure effective two-man control of access (i.e., two authorized persons must be present to enter). Use of a master or multiple key system is prohibited.

(4) Fencing: Fencing will be 6-foot (minimum) steel chain link with a 1-foot overhang mounted on steel or reinforced concrete posts over firm base. Clear zones will be established 30 feet inside and 12 feet outside the perimeter fence, provided there is adequate space.

(5) Surveillance and guard: A full-time guard force or combination guard force and intrusion detection system (IDS) will be provided. When the IDS is not operational, 24-hour guard surveillance is required.

(6) Access to storage facilities: Two authorized persons will be required to be present during any activity which affords access to storage facilities containing missiles. Lock and key procedures will be developed to ensure that no single individual can obtain unescorted or unobserved access to missile storage facilities.

b. Accountability:

(1) A 100 percent physical inventory of weapons and gripstocks, when applicable, will be taken monthly by the purchaser. A 100 percent physical inventory, by serial number, shall be taken quarterly of weapons issued at the operational unit level. A 100 percent physical inventory, by serial number, shall be taken semiannually of weapons stored or retained at installation, depot, post, or base level. All inventories must be conducted by two authorized persons to ensure verification. Weapons expended during peacetime will be accounted for by serial number.

(2) The (insert appropriate foreign country security assistance organization) will be permitted to conduct a U.S. inspection and inventory by serial number annually. Inventory and accountability records maintained by the purchaser will be made available for review.

c. Transportation: Movements of missiles will meet U.S. standards for safeguarding classified materiel in transit, as specified by the U.S. Government in DOD 5100.76-M, Physical Security of Sensitive Conventional Arms, Munitions, and Explosives (standards will be provided to the purchaser), and paragraph h, below.

d. Access to hardware and classified information:

(1) Access to hardware and related classified information will be limited to military and civilian personnel of the purchasing government (except for authorized U.S. personnel as specified herein) who have the proper security clearance and who have an established need-to-know the information in order to perform their duties. Information released will be limited to that necessary to perform assigned functions or operational responsibilities and, where possible, will be oral or visual only.

(2) Maintenance that requires access to the interior of the operational system, beyond that required of the operator, will be performed under U.S. control.

e. Compromise, loss, theft, and unauthorized use: The purchaser will report to the U.S. Army by the most expeditious means any instances of compromise, unauthorized use, loss, or theft of any missiles or related materiel or information. This will be followed by prompt investigation, and the results of the investigation will be provided to the U.S. Army.

f. Third-party access: The recipient will agree that no information on (insert appropriate missile) will be released to a third-country government, person, or other third-country entity without U.S. approval.

g. Damaged/expended materiel: Damaged systems, launchers, and/or gripstocks will be returned to the U.S. Army for repair or demilitarization.

h. Conditions of shipment and storage for STINGER and STINGER variants: The two principal components of the (insert

appropriate missile system), the gripstock, and the missile in its disposable launch tube, will be stored in separate locations and will be shipped in separate containers. The two storage locations will be physically separated sufficiently so that a penetration of security at one site will not place the second at risk.

i. Conditions of use:

(1) The two principal components of the (insert appropriate missile) system, the gripstock and missile launch tube, may be brought together and assembled under the following circumstances: (Note: For the REDEYE system, delete the previous text and insert the following: "REDEYE may be deployed:")

(a) In the event of hostilities or imminent hostilities.

(b) For firing as part of regularly scheduled training; however, only those rounds intended to be fired will be withdrawn from storage and assembled.

(c) For lot testing, however, only rounds to be tested will be withdrawn from storage and assembled.

(d) When systems are deployed as part of point defenses of high-priority installations or activities (e.g., key government buildings, military headquarters, essential utilities, air defense facilities).

(2) The purchaser will advise the U.S. security assistance organization in advance of any assembly of missiles and gripstocks for training or lot testing.

(3) The U.S. Government will be notified of deployments through the security assistance organization.

S7.—Serviceability standards—

This equipment is set assembled prior to delivery. All the components and parts may not be new or unused; however, the equipment is completely serviceable, meets all required standards, and has the appearance of new equipment.

S8.—Shipments—

Classified publications approved for release will be shipped to the address designated in DOD 4000.25–8–M, Military Assistance Program Address Directory, to receive classified materiel. Unclassified publications will be shipped to a designated point in the continental United States including a specified freight forwarder.

S9.—Shipping addresses—

Each requisition will include the freight forwarder's name or code or, if delivery to destination is authorized, the desired in-country address or applicable code.

S10.—Shortages—

(To be used only on cases for which NAMSA (N4) is the purchaser; normally N4 but may include K6 and N7). Under paragraph B.6 of annex A (General Conditions) the term shortage includes the non-receipt of materiel. Therefore, reports of discrepancy are not to be submitted for claims for nonreceipt valued at \$100 or less.

S11.—Site survey—

Line (line item number) includes funds to provide for the services of U.S. Government and contractor personnel, as appropriate, to conduct an indepth, in-country site survey to assist the purchaser in providing for the complete integrated logistics support of the (system). The site survey team will provide the following services:

a. Review and discuss equipment mission and configuration.

b. Observe, review, and discuss in-country capabilities and requirements in, but not limited to, the following areas:

(1) Facilities.

(2) Spare parts support.

(3) Equipment maintenance.

(4) Tools and test equipment.

(5) Publications.

(6) Training.

(7) Technical assistance.

(8) Follow-on support.

c. Prepare and provide a draft report, prior to completion of the survey, identifying areas of concern and initial recommended solutions.

d. Upon return to CONUS, following completion of the survey, conduct a thorough analysis of site survey findings and provide a final report to include recommended courses of action and identification of required resources to provide for the complete integrated logistics support of the system.

e. The U.S. Government will make its best effort to furnish the purchaser a final report in approximately 90 days after completion of the survey.

f. It must be realized that this FMS case is based on U.S. Government estimates of your requirements. Based on the findings of the site survey team, these requirements may be modified by subsequent DD Form 1513 action.

S12.—Source of supply code "F"—

In addition to the planned source of supply codes addressed in paragraph 3 of annex A (Explanatory Notes), the planned source of supply code "F" used for line(s) (line item number(s)) means that materiel will be offered from Special Defense Acquisition Fund (SDAF) assets.

S13.A.—Storage charges—

(Use on FMSO cases except those for Japan). Estimated storage charges for CONUS level support for the period (timeframe); (dollar amount). Billing by SAAC, Lowry AFB, for storage charges will be made no later than 30 days subsequent to (date).

S13.B.—Storage charges—

(Use on FMSO cases for Japan). Estimated storage charges for CONUS level support for the period (timeframe); (dollar amount). Billing by SAAC, Lowry AFB, for storage charges will be made no later than 30 days prior to (date).

S14.—Student qualification—

On notification of arrival date, customer is responsible for furnishing students, qualified as stipulated by the U.S. security assistance organization in-country per AR 12–15, to pursue designated course of instruction, unless otherwise exempted from such qualification by the U.S. Army.

S15.—Supply coverage—(AMC publications)—

The following types of publications, predicated upon the U.S. Army Materiel Command's (AMC) determination of the customer's need for information regarding procurement, maintenance and production of materiel, are available for release under this case:

a. AMC regulations, circulars, and pamphlets.

b. U.S. Army service school publications (lesson plans, special texts, study pamphlets, reference data, and other instructional matter).

c. Technical information and publications (except medical) concerning the purchase, maintenance, and production of equipment and materiel.

d. Depot Maintenance Work Requirements (DMWRs).

S16.A.—Supply exclusions—

(Use on blanket order cases). The following types of items are specifically excluded from supply against this case. Requisitions for such items will be cancelled.

Classified materiel.

Explosive ordnance items.

Lumber and other type commercial materiel.

Major defense equipment (MDE) and initial logistics support.

Modification kits.

Non-MDE excess defense articles.

Obsolete items. Significant military equipment.

Technical data packages or similar documentation that conveys manufacturing process information.

Tool sets.

S16.B.—Supply exclusions—

(Use on CLSSA cases). The following types of items are specifically excluded from supply against this case. Requisitions for such

items will be cancelled.
 Excess defense articles.
 Explosive ordnance items.
 Lumber and other type commercial materiel.
 Major defense equipment.
 Medical items.
 Modification kits.
 Nonstandard items.
 Obsolete items.
 Significant military equipment.
 Technical data packages or similar documentation that conveys manufacturing process information.
 Tool sets.

S16.C.—Supply exclusions—

(Use on “T” cases). The following publications are specifically excluded for supply against this case. Requisitions for such items will be cancelled.

School publications.
 Training films.
 Graphic training aids.
 Reserve Officer’s Training Corps manuals.
 Periodicals.
 Technical data such as drawings, MILSPECS, MILSTANDARDS, etc.
 Depot maintenance work requirements (DMWRs).
 Command publications such as U.S. Army Materiel Command (AMC), U.S. Army Training and Doctrine Command (TRADOC) and U.S. Army Forces Command (FORSCOM).
 Army Master Data file.
 Publications for sale by the Superintendent of Documents, Government Printing Office, 710 N. Capitol Street, NW, Washington, DC 20402–9324.

S16.D.—Supply exclusions—

(Use on AMC publications cases). The following publications are specifically excluded from supply under this case. Requisitions for such items will be cancelled and returned:

- a. Technical data packages (TDPs) to be used for the manufacture and/or the maintenance and operation of U.S. Army equipment and materiel. TDP requirements must be submitted by request for separate Letter of Offer (DD Form 1513) according to existing procedures.
- b. Technical publications pertaining to medical equipment and materiel. Requests for information about the purchase, maintenance, or production of medical equipment and materiel must be forwarded to HQDA (DAMI-FL), Washington, DC 20310–0512.
- c. All Department of the Army (DA) publications and blank forms listed in DA PAMs 25–30, 310–9, 310–35, 611–16, and 750–10; as stocked and issued by the U.S. Army publications centers.
- d. Military and Federal standardization documents (specifications, standards, handbooks, qualified products lists, and related industry documents). Requests for standardization documents must be forwarded to Military Specifications and Standards, Building 4D, 700 Robbins Avenue, Philadelphia, PA 19111–5094.
- e. Publications for sale by the National Technical Information Service, 5285 Port Royal Road, Springfield, VA 22161 (telephone: (703) 487–4630).
- f. Publications for sale by the Superintendent of Documents, U.S. Government Printing Office, 710 N. Capitol Street, NW, Washington, DC 20402–9324.
- g. Professional magazines and journals (e.g., Army Infantry, The Field Artilleryman, Armor Magazine, and similar magazines). These publications must be purchased from the publisher.

S17.—Support and Costs—

(Use on Japan LOAs only).

- a. The purchaser will, upon request, provide without charge all equipment and support necessary for successful completion of work

under this LOA, including support of personnel referred to in note (note number). (Cite number of P7.A or P7.B note on LOA.)

- b. All costs to the U.S. Government, including, but not limited to, pay and allowances, food and accommodations, special training/licensing required to qualify personnel for this effort, transportation, and full range of support, will be borne by the purchaser.

S18.—Support priority—

(Use on FMSO and blanket order cases). Materiel requested on priority designators 02 through 08 requisitions will be restricted to that amount necessary to satisfy immediate end-use installation requirements only. Quantities required to replenish stocks will be requisitioned under appropriate priority designator 09 through 15. The customer will ensure proper use of the force activity designator (FAD) as assigned by the U.S. Joint Chiefs of Staff. Proper utilization of urgency of need codes in conjunction with assigned FAD is essential for correct assignment of priority designators. In order to ensure effective and timely supply support, use of the correct priority is essential. Use of priority designator is being monitored and appropriate authorities are notified of any apparent misuse of the Uniform Materiel Movement and Issue Priority System (UMMIPS).

S19.A.—Supportability—

There is no further planned U.S. Government support for line item(s) (line item number(s)). The final procurement action for support has been completed and training terminated.

S19.B.—Supportability (systems support buy out)—

Items are supportable for length of time indicated:

Item	CY
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In the event the purchaser will require repair parts or other support to include training from the U.S. Government beyond the above stated period, the purchaser should request assistance from the U.S. Government in providing such support no later than 2 years prior to expiration of support capability date(s) stated above.

S19.C.—Supportability (systems support buy out)—

Items are supportable for length of time indicated:

Item	CY
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The U.S. Government will use its best efforts to provide the opportunity to participate in a systems support buy out for materiel and service including training 2 years prior to termination of support.

S20.A.—Systems support buy out (SSBO)—

An SSBO is provided herewith as the final offer for peculiar repair parts support for the (nomenclature of supported item(s) and line item number(s)), which will no longer be supported through U.S. Army requisitioning procedures. Any requirements for repair parts peculiar to the item which are generated after the completion date of this offer must be satisfied through other sources.

S20.B.—Systems support buy out (SSBO)—

This offer represents your requirements for a one-time SSBO based on your response to U.S. Army Security Assistance Command letter, AMSAC–OL, (enter date and subject). These items represent your estimate of repair parts required to maintain the (enter item and model), in your inventory for your remaining period of service. All requisitioning action must be completed by (enter date), so that one final procurement can be initiated for peculiar support items. After initiation of this final procurement, the U.S. Government will no longer accept requisitions or requirements for these items.

S20.C.—Systems support buy out (SSBO)—

The quantities offered are not reserved and may exceed the total number of serviceable assets available in U.S. depot stock on receipt of requisitions. Due to the age or lack of activity of some items offered in this SSBO, current technical data packages required for

procurement may no longer be available. In addition, producers, if available, may be unwilling to produce any quantity less than a minimum production quantity. Unshipped quantities are subject to cancellation. If procurement action is deemed appropriate for the full quantity or any portion thereof, the unit cost, which is estimated based on previous production, could be substantially increased.

T1.—Tax exemption clause—

a. The costs of this Letter of Offer and Acceptance are predicated on the assumption that the purchaser will not assess, or permit the assessment of, any taxes, tariffs, levies or charges by the purchaser or any of its political subdivisions, national or legal, of any kind whatsoever, including but not limited to, any type of property tax or charge, income tax or charge, intangible taxes or charges, automobile taxes or charges, consumption tax or charge, excise tax or charge, an ad valorem tax or charge, duties or imports, as a result of U.S. Government and contractor personnel entering and being present in the country and in the performance of duty. Said exemption shall include but not be limited to materiel equipment, supplies, household goods, automobiles, and any other type of personal property imported into the country.

b. In the event any of the above are assessed and paid by above mentioned personnel, the purchaser agrees to hold the person harmless by reimbursing him, or in appropriate cases, the Government of the United States in an amount equal to said payments upon request of either the United States or said personnel.

T2.—Taxes, duties, and charges—

(Use on Japan LOAs only). The estimated costs of defense articles and defense services provided under this LOA do not include any Japanese taxes, duties, or other charges. Should any such taxes, duties, or other charges be imposed upon U.S. Government or U.S. contractor property, U.S. contractor personnel or their property, or otherwise in connection with the implementation of this LOA, the costs of such taxes, duties, and charges may be billed to the purchaser under this LOA.

T3.—Team control—

This team will be under the administrative and operational control of the (enter appropriate U.S. in-country security assistance organization).

T4.A.—Team deployment—

Deployment dates are provided for planning purposes only. Actual deployment dates will be established on purchaser request and confirmation that all equipment on which training is to be conducted is available/operational, and that all necessary tools, support equipment and facilities, interpreter support (if required), and students are available at the training site.

T4.B.—Team deployment—

(To be used with out-year cases). Since a team deployment date has not yet been determined, no attempt has been made to select personnel. Request you establish a desired in-country deployment date and advise Commander, U.S. Army John F. Kennedy Warfare Center and School, ATTN: ATSU-SATMO, Fort Bragg, NC 28407-5000, at least 6 months in advance. Information copies of this advice should be sent to Commander, U.S. Army Security Assistance Training Field Activity, ATTN: ATFA-R, 2017 Cunningham Drive, 4th Floor, Hampton, VA 23666, and Security Assistance Training Field Activity, ATTN: ATFA-WLO, Alexandria, VA 22333-0001. The U.S. Government will make every effort to meet the desired date.

T5.—Team support—

In the event the purchaser cannot provide services, facilities, equipment, and other in-country team support requirements, the security assistance organization, in accordance with current embassy policies and standards for U.S. personnel, will arrange for the provision of these requirements. The expenditures will be charged to this case.

T6.A.—Technical data package—

(Use on cases providing TDPs for study purposes). The technical data package offered herein is provided strictly for study purposes only. In offering this FMS case to (country), the U.S. Government makes no prior commitment or authorization for (country) to manufacture the defense equipment described therein. Separate U.S. Government approval is required for such manufacture. An LOA amendment (DD Form (enter 1513-1 or 1513S-1)) will be issued for the provisions of a certified production technical data package and the applicable charges for its use for manufacture.

T6.B.—Technical data package—

(Use on cases providing TDPs for operation and maintenance purposes). The technical data package offered herein is provided strictly for operation and maintenance purposes only. Should any new operation or maintenance procedures be developed by (country) for the (defense equipment), they will be shared without charge with the U.S. program manager. In offering this FMS case to (country), the U.S. Government makes no prior commitment or authorization for (country) to manufacture the defense equipment described therein. Separate U.S. Government approval is required for such manufacture. An LOA amendment (DD Form (enter 1513-1 or 1513S-1)) will be issued for the provision of a certified production technical data package and the applicable charges for its use for manufacture. The purchaser agrees that unless specific authorization is provided in writing from the U.S. Government, the TDP will not be used for production.

T6.C.—Technical data package—

(Use on cases providing TDPs for indigenous defense production purposes).

a. The technical data package offered herein is provided for the manufacture of (quantity), (defense equipment) in (country) for indigenous purposes only. Such manufacture may be accomplished either by the Government of (country) in its own Government-owned or Government-operated facilities or in designated in-country private commercial facilities. The Government of (country) will pay to the U.S. Government a charge of (amount) for each unit produced for the right to manufacture this equipment in the above stated quantities.

b. Any manufacture in excess of this quantity for indigenous defense purposes will require separate approval of the U.S. Government and the execution of an LOA Notice of Modification (DD Form 1513-2) which also provides for payment of additional charges.

c. The information furnished under this LOA, and the product derived from the use of such information, shall not be disclosed or transferred to any third country, person, or organization without the prior written consent of the U.S. Government and, where required, the execution of an LOA Notice of Modification (DD Form (enter 1513-2)).

d. The use of technical data which will be provided under this LOA will be limited to that required for the manufacture of the equipment as specifically authorized herein and its operation and maintenance. Information which has been acquired by the U.S. Government without the unencumbered right to use and convey to others will not be furnished.

e. It is understood that the furnishing of these technical data does not in any way constitute a license to make, use, sell, or transfer whatsoever any inventions, technical information, or know-how (hereinafter referred to as proprietary information) owned by third parties which may be described in the documentation.

f. The U.S. Government incurs no liability for any procurement, manufacture, use, or sale by the Government of (country) which makes use of any of the aforementioned proprietary information, or for any results derived from the use of the technical data furnished. The Government of (country) agrees to indemnify the U.S. Government against any liability resulting from a claim asserted by the owner of such proprietary rights in connection with such use by the Government of (country) of the documentation provided hereunder.

g. The U.S. Government will use its best efforts to furnish technical data that are accurate, adequate for the authorized purpose, current, and complete; however, the U.S. Government does not guarantee the adequacy, accuracy, currency, or completeness of these data. Similarly, the U.S. Government does not guarantee the accuracy, adequacy, currency, or completeness of any U.S. industry documentation.

h. The cost of the documentation provided hereunder does not include periodic updating (revisioning service), which may be requested under a separate LOA, if desired.

i. Production validation. The Government of (country) will permit U.S. Government personnel access to government and contractor facilities, records, and storage sites to review the implementation of the requirements of this LOA. Such access will be permitted when mutually convenient, but within a reasonable period of time after the request. Visits will be accomplished under established visit procedures.

j. Flowback of (country) technical data to the U.S.:

(1) *Technical data*—(Country) will furnish or cause to be furnished the following technical data to the U.S. Government at no cost to the U.S. Government other than the cost of reproduction, preparation, and handling:

(a) All technical data pertaining to changes, modifications, and improvements in the design of (defense equipment) made in the course of development, evaluation, production, operation, and maintenance of (defense equipment).

(b) All technical data pertaining to manufacturing processes employed in the production of (defense equipment).

(c) Technical data pertaining to changes proposed in the design of (defense equipment) but not adopted.

(d) Notwithstanding (a), (b), and (c) above, if (country) incorporates an existing commercial item without modification of either the item or the (defense equipment) and if (i) the item is not based in whole or in part on U.S. technical data or on U.S. design; and (ii) the item is not in whole or in part funded or financed by (country) directly or indirectly; and (iii) there is no development contract or subcontract between (country) and the supplier, then (country) will only be required, to the extent that it has the right to do so without incurring liability to others, to provide to the U.S. Government sufficient information for the U.S. Government to evaluate the item, to procure it, to incorporate it into the system, and to operate, maintain, repair, overhaul, and modify it.

(2) *Right to Use*—(Country) will grant or cause to be granted to the U.S. Government a non-exclusive, irrevocable, royalty-free license to use and have used for U.S. defense purposes, including security assistance, the technical data defined in (1)(a), (b), and (c), above, and any inventions (whether or not patentable) made in the course of activities covered by this LOA. Additionally, (country) will use its best efforts to obtain licenses on fair and reasonable terms to the U.S. Government to use and have used the technical data defined in subparagraph (1) (d) and patented inventions depicted in such technical data for U.S. defense purposes, including security assistance.

(3) *Contract provisions*—(Country) will include suitable provisions in all pertinent program contracts, including a requirement to include those same provisions in all subcontracts, to meet the requirements of this section.

T6.D.—Technical data package—

(Use on cases providing TDPs for production purposes that authorize third country sale).

a. The technical data package offered herein is provided for the manufacture of (quantity) (defense equipment) in (country) for indigenous purposes only and (quantity) of (defense equipment) in (country) for subsequent transfer to (country name(s)). Such manufacture may be accomplished either by the Government of (country) in its own Government-owned or Government-operated facilities or in designated in-country private commercial facilities. The Government of (country) will pay to the U.S. Government a charge of

(amount) for each unit produced for the right to manufacture this equipment in the above stated quantities.

b. Any manufacture in excess of this quantity for indigenous defense purposes and as authorized in a, above, will require separate approval of the U.S. Government and the execution of an LOA Notice of Modification (DD Form 1513-2) which also provides for payment of additional charges.

c. The information furnished under this LOA, and the product derived from the use of such information shall not be disclosed or transferred to any third country, person, or organization other than the Government(s) of (country name(s)) without the prior written consent of the U.S. Government and, where required, the execution of an LOA Notice of Modification (DD Form 1513-2).

d. The use of technical data which will be provided under this LOA will be limited to that required for the manufacture of the equipment specifically authorized herein and its operation and maintenance. Information which has been acquired by the U.S. Government without the unencumbered right to use and convey to others will not be furnished.

e. It is understood that the furnishing of these technical data does not in any way constitute a license to make, use, sell, or transfer whatsoever any inventions, technical information, or know-how (hereinafter referred to as proprietary information) owned by third parties which may be described in the documentation.

f. The U.S. Government incurs no liability for any procurement, manufacture, use, or sale by the Government of (country) which makes use of any of the aforementioned proprietary information, or for any results derived from the use of the technical data furnished. The Government of (country) agrees to indemnify the U.S. Government against any liability resulting from a claim asserted by the owner of any such proprietary rights in connection with such use by the Government of (country) of the documentation provided hereunder.

g. The U.S. Government will use its best efforts to furnish technical data that are accurate, adequate for the authorized purpose, current, and complete; however, the U.S. Government does not guarantee the adequacy, accuracy, currency, or completeness of these data. Similarly, the U.S. Government does not guarantee the accuracy, adequacy, currency, or completeness of any U.S. industry documentation.

h. Production validation. The Government of (country) will permit U.S. Government personnel access to Government and contractor facilities, records, and storage sites to review the implementation of the requirements of this LOA. Such access will be permitted when mutually convenient, but within a reasonable period of time after the request. Visits will be accomplished under established visit procedures.

i. The cost of the documentation provided hereunder does not include periodic updating (revisioning service), which may be requested under a separate LOA, if desired.

j. Flowback of (country) technical data to the U.S.:

(1) *Technical data*—(Country) will furnish or cause to be furnished the following technical data to the U.S. Government at no cost to the U.S. Government other than the cost of reproduction, preparation, and handling:

(a) All technical data pertaining to changes, modifications, and improvements in the design of (defense equipment) made in the course of development, evaluation, production, operation, and maintenance of (defense equipment).

(b) All technical data pertaining to manufacturing processes employed in the production of (defense equipment).

(c) Technical data pertaining to changes proposed in the design of (defense equipment) but not adopted.

(d) Notwithstanding (a), (b), and (c) above, if (country) incorporates an existing commercial item without modification of either the item or the (defense equipment) and if (i) the item is not based in whole or in part on U.S. technical data or on U.S. design; and (ii) the item is not in whole or in part funded or financed by (country) directly or indirectly; and (iii) there is no development contract or subcontract between (country) and the supplier, then (country) will only be required to the extent that it has the right to do so without

incurring liability to others, to provide to the U.S. Government sufficient information for the U.S. Government to evaluate the item, to procure it, to incorporate it into the system, and to operate, maintain, repair, overhaul, and modify it.

(2) *Right to use*—(Country) will grant or cause to be granted to the U.S. Government a non-exclusive, irrevocable, royalty-free license to use and have used for U.S. defense purposes, including security assistance, the technical data defined in (1)(a), (b), and (c) above and any inventions (whether or not patentable) made in the course of activities covered by this LOA. Additionally, (country) will use its best efforts to obtain licenses on fair and reasonable terms to the U.S. Government to use the technical data defined in subparagraph (1) (d) and patented inventions depicted in such technical data for U.S. defense purposes, including security assistance.

(3) *Contract provisions*—(Country) will include suitable provisions in all pertinent program contracts, including a requirement to include those same provisions in all subcontracts to meet the requirements of this section.

T6.E.—Technical data package—

These technical data packages will not include military specifications or standards. However, the publications listed in the DOD Index of Specifications and Standards (DODISS) may be ordered on DD Form 1425 or by letter indicating the title, document number, and quantity. Requests should be submitted to Military Specifications and Standards, Building 4D, 700 Robbins Avenue, Philadelphia, PA 19111-5094.

T6.F.—Technical data package—

The U.S. Government will sponsor shipment by parcel post of technical data package in aperture card format to (enter the addresses indicated by the Customer-Within-Country Code in block 33, DD Form 1513, or destination, if known). The charges are based on the most accurate information available at time of preparation. However, the purchaser will be billed only to the extent of the costs incurred by the U.S. Government.

T6.G.—Technical data package—

The technical data packages are supplied in “up-to-date” condition and include the latest revisions. Notices of revision are provided separately as appendices to the basic technical data package.

T6.H.—Technical data package—

The technical data packages are supplied in “updated” condition and include the latest revisions. Notices of revision have been incorporated in the drawings and reflect the latest engineering changes applicable to the technical data package.

T6.I.—Technical data package (revisioning services offered)—

A revisioning service will be initiated on the date of supply of the technical data package and will continue for a period of 1 year from the date. Any changes issued subsequent to that date are not offered pursuant to the terms of this case. Extensions of this service should be requested by an amendment to the case or a separate sales case as soon as possible to avoid interruption. Failure to request an extension may result in the necessity to request a new up-to-date technical data package.

T6.J.—Technical data package—unvalidated—

The technical data package is unvalidated. It is supplied in “as-is” condition as it exists in the computerized data base and includes the same kind of data as a validated TDP, such as the technical data package list, generation breakdown list, packaging documentation, a set of aperture cards of the drawings, and quality assurance documentation. “As-is” TDPs are to be used for maintenance, operational, and calibration purposes only as they may be incomplete and outdated and are therefore not to be used for production purposes.

T7.—Technical field representative—

To ensure effective and timely performance of the services offered, the purchaser accepts the following provisions:

a. The estimated cost as offered is based on the most accurate information available at the time of preparation.

b. The estimated cost includes: services, round-trip air fare, in-country transportation, per diem, dependent travel, and household charges (as applicable).

c. The term 1 man-year provides for services equating to 8 working hours per day, 5 days per week. The 1 man-year includes vacation time, sick leave, and observance of U.S. holidays.

d. All time expended over and above that outlined in c above will require the approval of the U.S. Government and is not included in the estimated cost.

T8.—Terms and conditions—

(Use on DD Forms 1513-1 and 1513-2 only). Except as expressly amended herein, all terms and conditions of the subject case (including without limitation the general conditions) continue in full force and effect.

T9.A.—Tests and inspections—

Price and availability indicated are based upon supply according to policies and procedures established for issue to U.S. Army troops. Due to significant advancements in manufacturing and inspection techniques, the need for 100 percent proof firing has been eliminated. Each gun tube production lot is proof fired and inspected on a random sampling basis. If 100 percent proof firing with inspection certificate is desired, special procurement will be required with substantially increased costs and delivery lead time.

T9.B.—Tests and inspections—

Item(s) (line item number(s)) is/are subject to initial production testing (IPT). Price and lead time quoted include costs and time required for the test.

T9.C.—Tests and inspections—

Item(s) (line item number(s)) is/are subject to inspection after acceptance of this offer and could result in lesser quantities being available. Purchaser will be advised if the total quantities requested cannot be made available.

T9.D.—Tests and inspections (first article)—

Equipment listed in item(s) (line item number(s)) may be subject to first article testing. Estimated cost quoted in item (line item number(s)) includes cost required for production of the test article and actual conduct of the test. First article testing is utilized by the U.S. Government to determine the ability of a contractor to manufacture an item or items according to drawings and/or contractual requirements. Such testing is applicable if the contract is awarded to a new producer or to a prior producer who has been out of production for such time that requalification by first article testing is determined to be necessary. In the event that the contract is awarded to a prior producer, and the U.S. Government determines that first article testing is not necessary, testing will be waived. When the U.S. Government determines that first article testing is not necessary, the purchaser will not be billed. If first article testing is utilized, the purchaser will be billed only for costs incurred by the U.S. Government.

T9.E.—Testing (lot acceptance)—

The missiles in item (line item number) are included for the lot acceptance testing program and may be expended in destructive lot acceptance test firings. It is estimated that the lot acceptance testing associated with this case will require the quantity of missiles set forth in item (line item number). However, the actual number of missiles required under this case for the lot acceptance testing program will be based on the purchaser's pro rata share of the total missiles in each production lot. Missiles from item (line item number) which are not expended in lot acceptance testing will be

delivered to the purchaser, if sufficient transportation funds are made available.

T10.A.—Training support—

This Letter of Offer and Acceptance provides (operator) (maintenance) (logistic) training support for materiel items in FMS cases(s) (use materiel case designator(s) and line item identification). (Use appropriate identifier(s) on training cases.)

T10.B.—Training support—

(Operator) (maintenance) (logistic) training in support of materiel contained in this case will be provided by separate Letter of Offer and Acceptance, FMS case (use training case designator). (Use appropriate identifiers on materiel cases.)

T11.—Training support requirements—

The purchaser will provide an appropriate (area/site) (at/on/close to) the training site to permit necessary maintenance and security of the training items and equipment. The purchaser is responsible for the protection and security of the training site and items contained herein.

T12.—Training total cost—

Estimated initial cost of training has been computed based on the approved courses and spaces requested by the purchaser, as shown on (annex number), plus (percentage) for additional spaces and courses requested by purchaser and approved/allocated by TRADOC during the period covered by this case.

T13.A.—Translation—

The purchaser will provide translations of all instructional/reference materials presented in advance by the U.S. training element. Translations are to be completed and available to the training element upon its arrival.

T13.B.—Translation—

Publications/documents supplied on this case are in the English language. The responsibility for the translation of any document rests with the purchaser. However, when information is translated, the English text is still the officially binding document.

T14.A.—

Transportation.

a. Provisions for transportation of team members in-country will be as follows (select appropriate statements):

(1) The purchaser, in conjunction with the U.S. security assistance element in-country, is to provide one vehicle with driver for every three team members or other adequate vehicle with driver on a daily basis during duty hours. An on-call vehicle with driver is to be available after normal duty hours in support of mission related requirements.

(2) The purchaser is responsible for providing the team with appropriate vehicles, properly insured, serviced, and maintained by your representatives. Basis of issue: one vehicle for every four team members. The purchaser is responsible for supply of petroleum, oils, and lubricants in support of mission related activities.

(3) Transportation will be provided through the purchase of vehicles and the hiring of drivers. Vehicles will be for the exclusive use of the team, for the duration of its assignment, and then will revert to the purchaser's control. Drivers will be hired through the Embassy's personnel section at standard salary levels. Maintenance and vehicle refueling will be accomplished using vehicle support funds from the case.

(4) Transportation will be provided through the purchase of vehicles. Vehicles will be for the exclusive use of the team for the duration of its assignment, and then will convert to the purchaser's control.

b. This case provides funds for rental vehicles should transportation be unavailable or insufficient for team support.

c. The purchaser will provide each training team member possessing a valid U.S. driver's license with a license upon arrival.

d. The purchaser will provide confirmed commercial airline reservations and tickets, as required by the team chief, for long-distance official travel within your country. For short distances, the purchaser is to arrange and provide a sedan or other appropriate means of transportation.

e. If the training/support element must relocate to a new/other training site, the purchaser is responsible for arranging for the travel of training elements and transportation of all training materials required to the new training location.

T14.A1.—Transportation—

Provisions for in-country transportation of team members will be as follows:

a. The purchaser, in conjunction with the in-country U.S. security assistance element, is to provide one vehicle with driver for every three team members or other adequate vehicle with driver on a daily basis during duty hours. An on-call vehicle with driver is to be available after normal duty hours in support of mission related requirements.

b. This case provides funds for rental vehicles should transportation be unavailable or insufficient for team support.

c. The purchaser is to provide each team member possessing a valid U.S. driver's license with a license upon his arrival.

d. The purchaser will provide confirmed commercial airline reservations and tickets, as required by the team chief, for long-distance official travel within your country. For short distances, the purchaser is to arrange and provide a sedan or other appropriate means of transportation.

e. If the training team/support element must relocate to a new/other training site, the purchaser is responsible for arranging for the travel of training elements and transportation of all training materials required to the new location.

T14.A2.—Transportation—

Provisions for in-country transportation of team members will be as follows:

a. The purchaser is responsible for providing the team with appropriate vehicles, properly insured, serviced, and maintained by your representatives. Basis of issue: one vehicle for every four team members. The purchaser is responsible for supply of petroleum, oils, and lubricants in support of mission related activities.

b. This case provides funds for rental vehicles should transportation be unavailable or insufficient for team support.

c. The purchaser is to provide each team member possessing valid U.S. driver's license with a license upon his arrival.

d. The purchaser will provide confirmed commercial airline reservations and tickets, as required by the team chief, for long distance official travel within your country. For short distances, the purchaser is to arrange and provide a sedan or other appropriate means of transportation.

e. If the training team/support element must relocate to a new/other training site, the purchaser is responsible for arranging for the travel of training elements and transportation of all training materials required to the new location.

T14.A3.—Transportation—

Provisions for in-country transportation of team members will be as follows:

a. Transportation will be provided through the purchase of vehicles and the hiring of drivers. Vehicles will be for the exclusive use of the team, for duration of its assignment, then will revert to the purchaser's control. Drivers will be hired through the Embassy's personnel section at standard salary levels. Maintenance and vehicle refueling will be accomplished using vehicle support funds from the case.

b. This case provides funds for rental vehicles should transportation be unavailable or insufficient for team support.

c. The purchaser is to provide each team member possessing a valid U.S. driver's license with a license upon his arrival.

d. The purchaser will provide confirmed commercial airline reservations and tickets, as required by the team chief, for long distance official travel within your country. For short distances, the purchaser is to arrange and provide a sedan or other appropriate means of transportation.

e. If the training team/support element must relocate to a new/other training site, the purchaser is responsible for arranging for the travel of training elements and transportation of all training materials required to the new location.

T14.A4.—Transportation—

Provisions for in-country transportation of team members will be as follows:

a. Transportation will be provided through the purchase of (number) vehicle(s). Vehicle(s) may be purchased through U.S. Government approved channels or through offshore procurement, if requested/justified by the purchaser, and approved by the U.S. Government. Vehicle(s) will be used to support the TAFT contained in this case and any other security assistance teams the purchaser may request. Title for the vehicle(s) will be in the name of the purchaser who will gain possession of the vehicle(s) when it is determined there will be no requirement for additional teams.

b. The case provides funds for rental vehicles should transportation be unavailable/insufficient for team support.

c. The purchaser is to provide each team member possessing a valid U.S. driver's license with a license upon his arrival.

d. The purchaser will provide confirmed commercial airline reservations and tickets, as required by the team chief, for long distance official travel within your country. For short distances, the purchaser is to arrange and provide a sedan or other appropriate means of transportation.

e. If the training team/support element must relocate to a new/other training site, the purchaser is responsible for arranging for the travel of training elements and transportation of all training materials required to the new location.

T14A.5.—Transportation—

Provision for transportation of team members in-country will be as follows:

a. This case provides contingency funds for rental vehicles should transportation be unavailable or insufficient.

b. Purchaser is to provide each training team member possessing a valid U.S. driver's license with a license upon his arrival.

c. Purchaser will provide confirmed commercial airline reservations and tickets, as required by the team chief, for long distance official travel within your country. For short distances, the purchaser is to arrange and provide a sedan or other appropriate means of transportation.

d. If the training team/support element must relocate to a new/other training site, the purchaser is responsible for arranging for the travel of training elements and transportation of all training materials required to the new location.

T14.B.—Transportation—

(Use with PCS or TDY teams for Egypt only). Your Government, in conjunction with the U.S. security assistance element in country, is to provide the following: one vehicle for use of the team chief; a minimum of one U.S. standard-size five-passenger or larger vehicle with driver for every three remaining team members on a daily basis during duty hours. If compact or subcompact vehicles are furnished, provisioning basis will be one for every two team members. Additional vehicles beyond this minimum provisioning may be needed due to mission requirements. Per prior agreement with OMC, vehicles with drivers are to be available after normal duty hours in support of mission-related requirements. Your Government is to provide each training team member possessing a valid U.S. driver's license with a license upon arrival.

T14.C.—Transportation—

The following charges are based on the most accurate information available at the time of case preparation:

Line item: (select applicable items.)

CONUS inland transportation

CONUS port handling

Ocean transportation

Air transportation

Overseas port handling

T14.D.—Transportation (FOB port of exit; delivery term code 5).

a. The U.S. Government is responsible for inland transportation to the CONUS port of exit. Although these items will be shipped on a U.S. Government bill of lading, transfer of title will pass to the purchaser at the point of origin. Custody must not be construed to mean retention of title (see paragraph A.4 of annex A (General Conditions) of this DD Form 1513).

b. Purchaser is responsible for unloading from inland carrier at port of exit and subsequent arrangements and costs. The following charge is based on the most accurate information available at time of case preparation:

CONUS inland transportation

T14.E.—Transportation (FOB overseas port of discharge; delivery term code 6)—

(This footnote normally applies to ammunition, explosives, sensitive items, and classified items).

a. The U.S. Government is responsible for transportation from CONUS point of origin to and including ocean/air transportation to the overseas port of discharge. Although these items will be shipped on a U.S. Government bill of lading, transfer of title will pass to the purchaser at the point of origin. Custody must not be construed to mean retention of title (see paragraph A.4 of annex A (General Conditions) of this DD Form 1513). Materiel and supplies specified herein will, unless a specific waiver is granted by the U.S. Government, move through the U.S. defense transportation system. The mode of transportation will be determined by the appropriate U.S. Government transportation agency and is contingent upon the availability of U.S. flag vessels commensurate with the required delivery date.

b. Purchaser is responsible for vessel discharge, port handling, and subsequent arrangements and costs. The following charges are based on the most accurate information available at time of case preparation:

CONUS inland transportation

CONUS port handling

Ocean/air transportation (specify)

T14.F.—Transportation (Delivery to destination; delivery term code 7)—

(This footnote normally applies to ammunition, explosives, sensitive items, and classified items).

a. The U.S. Government is responsible for transportation from CONUS point of origin to and including overseas inland carrier delivery to named inland point. Although these items will be shipped on a U.S. Government bill of lading, transfer of title will pass to the purchaser at the point of origin. Custody must not be construed to mean retention of title (see paragraph A.4 of annex A (General Conditions) to this DD Form 1513). Materiel and supplies specified herein will, unless a specific waiver is granted by the U.S. Government, move through the U.S. defense transportation system.

b. The following charges are based on the most accurate information available at time of case preparation:

CONUS inland transportation

CONUS port handling

Ocean/air transportation (specify)

Overseas port handling

Overseas inland transportation

T14.G.—Transportation (Delivery to vessel (onboard) port of exit; delivery term code 8)—

(This footnote normally applies to ammunition, explosives, sensitive items, and classified items).

a. The U.S. Government is responsible for transportation from CONUS point of origin to and including unloading, handling and storage aboard vessel at port of exit. Although these items will be shipped on a U.S. Government bill of lading, transfer of title will pass to the purchaser at the point of origin. Custody must not be construed to mean retention of title (see paragraph A.4 of annex A (General Conditions) to this DD Form 1513). Materiel and supplies specified herein will, unless a specific waiver is granted by the U.S. Government, be loaded at a U.S. military controlled terminal.

b. Purchaser is responsible for vessel discharge, port handling, and subsequent arrangements and costs. The following charges are based on the most accurate information available at time of case preparation:

CONUS inland transportation

CONUS port handling

T14.H.—Transportation (Delivery to port of discharge (landed); delivery term code 9)—

(This footnote normally applies to ammunition, explosives, sensitive items, and classified items).

a. The U.S. Government is responsible for transportation from CONUS point of origin to and including vessel discharge and port handling at overseas port of discharge. Although these items will be shipped on a U.S. Government bill of lading, transfer of title will pass to the purchaser at the point of origin. Custody must not be construed to mean retention of title (see paragraph A.4 of annex A (General Conditions) to this DD Form 1513). Materiel and supplies specified herein will, unless a specific waiver is granted by the U.S. Government, move through the U.S. defense transportation system.

b. Purchaser is responsible for loading on inland overseas carrier equipment and for subsequent arrangements and costs. The following charges are based on the most accurate information available at time of case preparation:

CONUS inland transportation

CONUS port handling

Ocean/air transportation (specify)

Overseas port handling

T14.I.—Transportation (use of defense transportation on maintenance support arrangements)—

The U.S. Government will be responsible for shipment of items for which the defense transportation system (DTS) is used. All actual transportation and handling costs incurred by the U.S. Government will be reimbursed by the purchaser. Purchaser will provide at least 15 days advance notice of each proposed shipment to (MSC IL component); with a copy furnished to Deputy for Operations, U.S. Army Security Assistance Command, ATTN: AMSAC—(enter OE or OX based on appropriate region), 3rd Street and M Avenue, Building 54, New Cumberland Army Depot, New Cumberland, PA 17070–5096. Purchaser will also furnish complete shipping information, by message at the time of shipment, to (MSC transportation component and consignee); to include identification of item(s), quantity, serial number(s) if applicable, weight and cube data, transportation control number, and airlift/surface carrier information.

T14.J.—Transportation of materiel—

Purchaser will provide prepaid transportation and fees from country to the depot for items requiring repair and maintenance. The receiving U.S. Army depot will sign one copy of the invoice and forward to your representative as a receipt for the materiel.

T14.K.—Transportation of materiel—

(For European maintenance cases). Purchaser will provide prepaid transportation and fees to and from the U.S. Army Depot, Mainz, Germany. The U.S. Army Depot, Mainz, will sign one copy of the

accompanying DD Form 1348–1 and forward to your representative as a receipt for the materiel.

T14.L.—Transportation of materiel—

It is U.S. Government policy to ship materiel subject to declared values at the highest valuation which produces the lowest transportation rate. This limits liability of the carrier for loss and damage claims. If full coverage is desired, purchaser should acquire insurance, or make other arrangements for the balance of the value.

T14.M.—Transportation (premium)—

Normal surface transportation cannot be used to move this cargo. Alternate transportation may include military airlift command (MAC) aircraft, or if warranted, special assignment airlift mission (SAMI). These premium modes will only be used on an exceptional basis to ensure movement in a reasonable time. If this transportation option is declined, that portion of the case involving small quantity of ammunition, explosives, sensitive and/or classified items, or cargo that cannot be moved in a reasonable time, may be cancelled. Delivery term code 9 applies to line items (line item number(s)).

V1.—Validation—

The Government of the Kingdom of Saudi Arabia hereby unconditionally guarantees full payment of all defense articles and services provided hereunder and agrees to pay the U.S. Government such amounts at such times as may be specified by the U.S. Government in order to cover shipments from stock or services rendered or to meet payments required by contracts under which items are being procured and any damage and costs that may accrue from cancellation of cases hereunder. Payments shall be made according to the terms and conditions of this case.

by

(Signature)

(Seal)

(Typed Name and Title), Kingdom of Saudi Arabia

Date:

V2.—Vehicle testing—

The U.S. Army conducts testing on this equipment. Testing measures quality and reliability levels, conformance to the technical data package, and manufacturing procedures and processes. Delivery of vehicles used in the test program sample quantity may be delayed. Test vehicles will be rehabilitated to like-new condition and will be fully serviceable. A pro rata share of testing costs is included in the unit cost of all vehicles.

W1.A.—Waiver of charges—

(Use on UK cases where nonrecurring cost and asset use charges have been waived). In accordance with the joint U.S. Government/United Kingdom agreement, the following charges have been waived and are therefore deleted. (Enter description of charges, the item(s) or service(s) involved, and the amount of such charge.)

W1.B.—Waiver of charges—

(Use on DD Forms 1513–2 where the charges were originally included on the LOA, and are now being deleted based on DSAA approval of waiver. Applies to Portugal and Turkey cases only). In the interest of furthering force standardization, the following charges have been waived and are therefore deleted: (Enter description and cost).

W2.—Warranties—

(Use on FRG cases for which a performance warranty may be appropriate). With regard to items procured under this FMS case, the U.S. Government intends to obtain from the contractor the same guarantees for the FRG that it obtains for U.S. Army requirements. The cost of such guarantees will be included in this FMS case.

W3.—Warranty-ammunition (commercial)—

Paragraph A.3.a of annex A (General Conditions) of this LOA does not apply to item(s) offered on this agreement. The Department of the Army does not provide any warranty for this ammunition except to the extent that such warranty is provided by the manufacturer in accordance with paragraph A.2 of annex A (General Conditions) of this LOA.

Untitled note: Effective 22 December 1987, section 562, PL 100–202 (FY 88 Continuing Resolution), amended section 620C of the Foreign Assistance Act of 1961 with the following provision that applies to this Letter of Offer and Acceptance:

“(e)(1) Any agreement for the sale or provision of any article on the United States Munitions List (established pursuant to section 38 of the Arms Export Control Act) entered into by the United States after the enactment of this provision shall expressly state that the article is being provided by the United States only with the understanding that it will not be transferred to Cyprus or otherwise used to further the severance or division of Cyprus.

(2) The President shall report to Congress any substantial evidence that equipment provided under any such agreement has been used in a manner inconsistent with the purposes of this subsection.”

Glossary

Section I Abbreviations

AAO

authorized acquisition objective

ABA

appropriation and budget activity

ADP

automated data processing

AIG

address indicating group

AMC

Army Materiel Command

AMDF

Army Master Data File

AMEDD

Army Medical Department

ARQ

authorized requisition quantity

ATDL

Army tactical data link

AUTODIN

automatic digital network

BII

basic issue items

CAS

contract administrative surcharge

CAT

calibration assistance team

CBL

commercial bill of lading

CCBL

collect commercial bill of lading

CCM

central case manager

CCOP

Case Closeout Program

CCSS

Commodity Command Standard System

CDA

Catalog Data Activity

CECOM

Communications Electronics Command

CFS

contractor field services

CINC

commander in chief

CISIL

Centralized Integrated System for International Logistics

CLSSA

cooperative logistics supply support arrangement

COCM

command case manager

CONUS

continental United States

CPM

country program manager

CSP

concurrent spare parts

CY

calendar year

DA

Department of Army

DCA

Defense Communications Agency

DCS

Defense Communications System

DEA

Drug Enforcement Administration

DESCOM

U.S. Army Depot System Command

DIC

document identifier code

DIFS

Defense Integrated Financial System

DLA

Defense Logistics Agency

DLIELC

Defense Language Institute English Language Center

DMTI

digital moving target indicator

DMWR

depot maintenance work requirement

DOD

Department of Defense

DPSC

Defense Personnel Support Center

DRMS

Defense Reutilization and Marketing Service

DSAA

Defense Security Assistance Agency

DSAA-OPS

Defense Security Assistance Agency Operations Directorate

DTC

delivery term code

DTSA

Defense Technology Security Administration

EA

expenditure authority

ETSS

extended training service specialist

EUSA

Eighth U.S. Army

FAD

force activity designator

FFMIP

FMS Financial Management Improvement Program

FMS

foreign military sales

FMSO

foreign military sales order

FOB

free on board

FORSCOM

Forces Command

FRG

Federal Republic of Germany

FY

fiscal year

GBL

Government bill of lading

GOC

Government of Canada

GSA

General Services Administration

HCA

head of contracting activity

ICP

inventory control point

ILCS

International Logistics Communications System

ILD

International Logistics Directorate

ILIF

International Logistics Information File

ILSDP

International Logistics Supply Delivery Plan

IMA information mission area	MILSBILLS Military Standard Billing System	ODCSINT Office of the Deputy Chief of Staff for Intelligence
IMETP International Military Education and Training Program	MILSTAMP Military Standard Transportation and Movement Procedures	ODUSD/TSP Office of the Deputy Under Secretary of Defense for Trade Security Policy
IPD issue priority designator	MILSTRIP Military Standard Requisitioning and Issue Procedures	OSD Office of the Secretary of Defense
IPDG issue priority designator grouping	MIMEX major items materiel excess	OTSG Office of The Surgeon General
ITAR International Traffic in Arms Regulation	MIPR Military Interdepartmental Purchase Request	PA program authorization; procurement appropriation
ITO invitational travel order	MOU memorandum of understanding	P&A price and availability
LOA Letter of Offer and Acceptance	MRC materiel release confirmation	PBAS Program and Budget Accounting System
LOI Letter of Intent	MRO materiel release order	PCH packing, crating, and handling
LON Letter of Notification	MRQ maximum release quantities	PIP Product Improvement Program
LOR Letter of Request	MSA maintenance support arrangement	PL Public Law
LSC logistics support charge	MSC major subordinate command	PM-SANG Project Manager-Saudi Arabian National Guard
LSF logistical support forecast	MSI maintenance support items	POD port of debarkation
MAAG military assistance advisory group	MTMC Military Traffic Management Command	POE port of embarkation; port of exit
MAC Military Airlift Command	MTT mobile training team	PRON procurement request order number
MACOM major Army command	MWO modification work order	PWRMS prepositioned war reserve materiel stock
MAP Military Assistance Program	NAMSA NATO Maintenance and Supply Agency	QA quality assurance
MAPAD Military Assistance Program Address Directory	NATO North Atlantic Treaty Organization	RCM Reliability-centered maintenance
MARKS Modern Army Recordkeeping System	NICP national inventory control point	RCN record control number
MASL military articles and services list	NMDE nonmajor defense equipment	RCS report control symbol
MBDL missile battery data link	NSN national stock number	R&D research and development
MDE major defense equipment	NVD night vision device	RDT&E research, development, test, and evaluation
MDMS maintenance data management system	OA obligation authority	RIC routing identifier code
MICOM Missile Command	OCONUS outside of the continental United States	ROD report of discrepancy

RSI
rationalization, standardization, and interoperability

RSLF
Royal Saudi Land Forces

SAAC
Security Assistance Accounting Center

SAAM
special assignment airlift mission

SACAS
Security Assistance Central Accounting System

SACTS
Security Assistance Case Tracking System

SAMPAP
security assistance master planning and phasing

SAO
security assistance organization

SATFA
Security Assistance Training Field Activity

SATMO
Security Assistance Training Management Office

SATP
security assistance training program

SDAF
Special Defense Acquisition Fund

SECDEF
Secretary of Defense

SELPO
Secure Electronic Procurement Office

SOW
statement of work

SSA
supply support arrangement

SSBO
system support buyout

SSN
standard study number

TA
type of assistance

TADIL
tactical data information link

TAEDP
total Army equipment distribution program

TAFT
technical assistance field team

TAMMC
Theatre Army Materiel Management Center

TAT
technical assistance team

TBC
transportation bill code

TCN
transportation control number

TDP
technical data package

TLA
travel and living allowance

TOS
terms of sale

TPA
total package approach

TRADOC
Training and Doctrine Command

UMMIPS
Uniform Materiel Movement and Issue Priority System

UPS
United Parcel Service

USACE
U.S. Army Corps of Engineers

USAFAO-K
U.S. Army Financing and Accounting Office Korea

USAHPSA
U.S. Army Health Professional Support Agency

USAISC
U.S. Army Information Systems Command

USAISEC
U.S. Army Information Systems Engineering Command

USAJFKSWCS
U.S. Army John F. Kennedy Special Warfare Center and School

USAMMA
U.S. Army Medical Materiel Agency

USAREUR
U.S. Army Europe

USARSO
U.S. Army South

USASAC
U.S. Army Security Assistance Command

USASAALA
U.S. Army Security Assistance Agency Latin America

USMILG
United States Military Group

USML
U.S. Munitions List

USPS
U.S. Postal Service

WARS
Worldwide Ammunition Requirements Status

Section II **Terms**

Acceptance date
The date that appears on the acceptance portion of DD Form 1513. It indicates the calendar date on which a foreign buyer agrees to accept the items and conditions in the FMS offer portion (block 30 of DD Form 1513).

Accepted case
An FMS offer and acceptance signed by the designated representative of the eligible recipient (block 31 of DD Form 1513).

Accessorial cost
The value of expenses related to issues, sales, and transfers of materiel, services, and training. These costs are not included in the standard price or contract cost of materiel.

Administrative cost
Charges associated with the administration of FMS (block 23 of DD Form 1513). Expenses charged directly to the FMS case are excluded.

Arms transfers
Defense articles and services, such as arms, ammunition, and implements of war including components and training, manufacturing licenses, technical assistance, and technical data, provided by the U.S. Government under the Foreign Assistance Act of 1961, as amended; Arms Export Control Act, as amended; other statutory authority, or directly by commercial firms to foreign countries, foreign private firms, or international organizations.

Assembly shipment
The collection of end items and repair parts for a system at an assembly depot for later movement to a foreign customer as a single shipment.

Bill of lading
A document by which a transportation line acknowledges receipt of freight and contracts for its movement.

Blanket order case
An agreement between a foreign customer and the U.S. Government for a specific category of items or services, including training, with no definitive listing of items or quantities. The case lists a dollar ceiling against which orders may be placed throughout the ordering period, normally 12 months.

Cancelled case

An FMS case not accepted or funded within prescribed time limitations or cancelled by the requesting country or the U.S. Government. The party that cancels all or part of a case before delivery of defense articles or performance of services will be responsible for all associated termination costs.

Case

A contractual sales agreement between the United States and an eligible foreign country or international organization documented by a DD Form 1513. A case designator is assigned to identify, control, and account for each offer (DD Form 1513).

Case amendment

A change in scope to an existing DD Form 1513. Amendment is documented by DD Form 1513-1.

Case description

A short title specifically prepared for each FMS case.

Case identifier

An identification assigned to each FMS case by the implementing agency. It consists of the country code, implementing agency code, and case designator (for example, UK-B-UAB).

Case modification

An administrative or price change to an existing DD Form 1513 without revising the scope of the case. Modification is documented by a DD Form 1513-2.

Classes of supply

a. *Class I.* Subsistence, including gratuitous health and welfare items.

b. *Class II.* Clothing, individual equipment, tentage, tool sets and tool kits, hand tools, and administrative and housekeeping supplies and equipment. Includes items of equipment, other than principal items, prescribed in authorization and allowance tables and items of supply (not including repair parts).

c. *Class III.* Petroleum fuels, coal, lubricants, hydraulic and insulating oils, preservatives, liquid and compressed gases, chemical products, coolants, and deicing and antifreeze compounds, and components and additives of such products.

d. *Class IV.* Construction materials, including installed equipment and all fortification and barrier materials.

e. *Class V.* Ammunition of all types including chemical radiological, and special weapons; bombs; explosives; land mines; fuses; detonators; pyrotechnics; missiles; rockets; propellants; and other associated items.

f. *Class VI.* Personal demand (nonmilitary sales) items.

g. *Class VII.* Principal items, a final combination of end products that is ready for its intended use; for example, launchers, tanks, mobile machine shops, and vehicles. Includes

weapon systems that deliver nuclear munitions.

h. *Class VIII.* Medical material including medical peculiar repair parts.

i. *Class IX.* Repair parts and components including kits, assemblies, and subassemblies (reparable and nonreparable) required for maintenance support of all equipment.

j. *Class X.* Materiel to support nonmilitary programs, such as agriculture and economic development not included in classes I through IX.

Closed case

An FMS case on which all materiel has been delivered and all services have been performed; all financial transactions, including all collections, have been completed; and the purchaser has received a final statement of account.

Collection

Receipt in U.S. dollars, checks, or other negotiable instruments from a purchaser country to pay for defense articles or services, based on an accepted FMS case.

Commands/agencies/activities

For purposes of this regulation this term includes Headquarters, AMC; major commands of AMC; The Adjutant General; USACE; OTSG; TRADOC; USAISEC; Army components of unified commands; and Army support groups and overseas agencies, centers, directorates, and other activities assigned FMS security assistance responsibilities.

Commercial sale

Sale made by a U.S. industry directly to a foreign buyer that is not administered by DOD through FMS procedures.

Commercial-type items

Any items (including those expended or consumed) that, besides military use, are used and traded in normal civilian enterprise or can be imported or exported through normal international trade channels.

Commitment

Any formal communication between a responsible U.S. official and an accredited foreign official that reasonably could be interpreted as a promise that the United States will provide funds (including long-term credit assignments), goods, services, or information. (Responsible U.S. officials include officials of any international organization or supranational authority.)

Commodity group

A grouping or range of items that have similar characteristics and applications or are subject to similar supply management methods.

Completed case

A delivered FMS case for which all collections have been completed but a final accounting statement has not been furnished to the purchaser.

Concurrent spare parts

Spare parts programmed as an initial stockage related to a major item. They are normally delivered before or concurrently with the major item.

Constructive delivery (FMS)

Delivery of materiel to a carrier for transportation to the consignee or to a U.S. post office for shipment to the consignee. Delivery is shown by completed shipping documents or listing of delivery at the U.S. post office. The delivery of materiel to the purchaser or the purchaser's designated representative at point of production, testing or storage site, dockside, staging areas, or airports constitutes actual delivery.

Constructive delivery (MAP)

Delivery of materiel to a land, ocean, or air carrier for transportation to a consignee, or delivery FOB or free alongside ship at a port of embarkation for transshipment to a consignee. In the case of float-away vessels, fly-away aircraft, and certain offshore procured materiel, constructive delivery occurs when the item is accepted on behalf of the recipient country.

Contractor support services

Those services performed by commercial companies for FMS purchasers. These services include, but are not limited to, performing supply, maintenance, in-country training, overhaul, and stock management.

Cooperative logistic sales

Sales arranged so that continued support is provided a foreign government through its participation in the DOD logistics system. The United States will be reimbursed for its support.

Cooperative Logistics Supply Support Arrangement (CLSSA)

A peacetime military logistics support arrangement, sometimes called a Supply Support Arrangement, under which logistic support is provided to a foreign government through its participation in the DOD logistics system with reimbursement to the United States for support performed. The arrangement is composed of two specific contracts, the FMSO I and the FMSO II.

Coproduction (international)

Method by which items intended for military application are produced and/or assembled under the provisions of a cooperative agreement that requires the transfer of technical information and know-how from one nation to another.

Countersignature

Signature, in block 9 of DD Forms 1513 and 1513-2 and block 10 of DD Form 1513-1, by an authorized representative of DSAA Comptroller.

Credit

Transactions that allow repayment of military

export sales to occur more than 120 days after delivery of materiel or performance of services (sec 23 and 24, Arms Export Control Act). These are approved on a case-by-case basis by the Departments of State, Treasury, and Defense.

Credit arrangement

An arrangement with a foreign government by which the United States advances a certain amount of credit or finances an FMS sale or commercial sale to that government (sec 23 and 24, Arms Export Control Act).

Customer

See purchaser.

Defense articles

Includes any weapons, weapon system, munition, aircraft, vessel, boat, or other implement of war; any property, installation, commodity, material, equipment, supply, or goods needed to manufacture, produce, process, repair, calibrate, service, store, construct, transport, operate, or use any other defense article or any component or part of any articles listed above. Excluded are merchant vessels, as defined by the Atomic Energy Act of 1954, as amended (42 USC 2011); source material (except certain depleted uranium); by-product material; special nuclear material; production facilities; utilization facilities; or atomic weapons or articles that involve restricted data (sec 644 (d), Foreign Assistance Act of 1961, and sec 47(3), Arms Export Control Act).

Defense information

Any document, writing, sketch, photograph, plan, model, specification, design prototype, or other recorded or oral information relating to any defense article or service. Excluded are restricted data as defined by the Atomic Energy Act of 1954, as amended; and data removed from the restricted data category under section 142d of the Act (sec 644(e), Foreign Assistance Act of 1961).

Defense service

Includes any service, test, inspection, repair, training, publication, technical or other assistance, or defense information used for FMS. Does not include military education and training activities (sec 644(f), Foreign Assistance Act of 1961, and sec 47(4), Arms Export Control Act).

Defined order case

A case with separate identified line items on DD Form 1513.

Delivery

Includes constructive or actual delivery; the performance of services for the purchaser or requisitioner; and accessorial services, when they are normally recorded in the billing and collection cycle immediately following performance.

Delivery commitment date

The period shown on DD Form 1513 for

complete delivery of the total quantity of the line item.

Delivery term code

A code used to determine point of delivery for materiel to a customer. It indicates the point in the transportation cycle where responsibility for the physical movement of a FMS shipment passes from the United States to the purchaser.

Dependable undertaking

A firm commitment by a foreign government or international organization to pay the full amount cited on a contract for new production or defense services. The purchasing country insures the United States against any loss on the contract. It will make enough funds available at the time required by the contract for any damages and costs that may accrue from cancellation. However, DOD must satisfy itself that the foreign government or international organization has the economic resources to fulfill its commitment (sec 22, Arms Export Control Act).

Designated country representative

A person or persons duly authorized by a foreign government to act on its behalf to negotiate, commit, sign contractual agreements, and/or accept delivery of materiel.

Direct cite

Direct charge to the SAAC customer trust fund.

Diversions

Any deliberate action that causes materiel ordered to meet a foreign commitment or U.S. requirements to be delivered to other than the original intended recipient.

DOD direct credit

Long-term credit that is directly financed from the appropriation or account available for that purpose (sec 23, Arms Export Control Act).

Dollar value line

A line item on DD Form 1513 that shows a need for certain services, commodities, concurrent spare parts, or grouping of materiel. It is stated only in dollars. These lines are shown in the MASL by a unit of issue XX (dollars).

Eligible recipient (FMS)

Any friendly foreign country or international organization that the President determines to be eligible to purchase defense articles and services (unless otherwise ineligible due to statutory restrictions) (sec 3, Arms Export Control Act).

Eligible recipient (MAP)

Any foreign country or international organization determined by the President to be eligible to receive military assistance unless

otherwise ineligible due to statutory restrictions (sec 508, Foreign Assistance Act of 1961).

End item

A final combination of end products, component parts, and/or materiel that is ready for its intended use; for example, ship, tank, mobile machine shop, aircraft.

Excess defense articles

Defense articles owned by the U.S. Government and not procured in anticipation of military assistance or sales requirements, or under a military assistance or sales order. They are in excess of the Approved Force Acquisition Objective and Approved Force Retention Stock of all DOD components at the time they are dropped from inventory by the supplying agency for delivery to countries or international organizations (sec 644(g), Foreign Assistance Act of 1961).

Exclusive (nonexclusive) license

A license covering a patent, technical or proprietary data, technical assistance, know-how, or any combination of these. The license is granted by a U.S. firm to a foreign firm or government to produce, coproduce, or sell a defense article or service without competition from any other licensees or from the licensor. A nonexclusive license is a license as described above, except that competition may be permitted with other licensees and the licensor.

Extended offer

A new FMS offer for which a reply from the buyer has not been received within the time limit given on DD Form 1513. Also, it is still in effect pending clarification of its status, or the expiration date has been officially extended.

Financing, type of

The method by which the U.S. Government is authorized to sell defense articles and services under the Arms Export Control Act (for example, cash with acceptance, dependable undertaking, and credit). The type of financing is shown by the proper term of sale on DD Form 1513.

Foreign military sales (FMS)

That portion of the U.S. security assistance authorized by the Foreign Assistance Act of 1961, as amended and the Arms Export Control Act, as amended. FMS involves providing services, training, and materiel, as identified on DD Form 1513, to a foreign country or international organization on a reimbursable basis.

Foreign Military Sales Order I (FMSO-I)

An FMS transaction that provides for pipeline capitalization of CLSSA. It consists of stocks on hand and replenishment of stocks on order in which the participating country buys equity in the U.S. supply system for support of a specific weapon system. Even though stocks are not moved to a foreign

country, delivery (equity) does take place when the country pays for the case.

Foreign Military Sales Order II (FMSO-II)

An FMS transaction that provides for replenishment of withdrawals of consumption-type items—primarily repair parts—from the DOD supply system. Included are charges for accessorial costs and a system service charge.

Generic code (GC)

A code that represents the budget activity and project account classification for the type of materiel or services.

Grant Aid

Military assistance rendered under the authority of the Foreign Assistance Act of 1961, for which the United States receives no dollar reimbursement. Such assistance currently consists of MAP and IMETP.

Implementation date

The date when supply action on an FMS case is initiated or directed by the implementing agency.

Implementing agency

The U.S. military department responsible for the execution of security assistance programs (FMS and Grant Aid).

Initial deposit

Money deposited to the credit of the Treasurer of the United States or other authorized officer at the time DD Form 1513 is accepted. It is full or partial payment for defense articles or services contracted for by an eligible foreign country or international organization.

International Traffic in Arms Regulation (ITAR)

A document prepared by the Office of Munitions Control, Department of State, providing licensing and regulatory provisions for the export of defense articles, technical data, and services. The ITAR also provides the USML.

Lease

An agreement for temporary transfer of the right of possession and use of a defense article or articles to a foreign government or international organization. The transferee agrees to pay rent to the U.S. Government and to maintain, protect, repair, or restore the article.

Letter of Offer and Acceptance (LOA)

DD Form 1513—the form that the U.S. Government uses to sell defense articles and services to a foreign government or international organization under the Arms Export Control Act as amended. The form includes the items and/or services, estimated costs, and terms and conditions of sale, and it provides for the foreign government's signature to indicate acceptance.

Letter of Request (LOR)

A formal request from an eligible foreign country or international organization for P&A data, P&R data, or an LOA for defense articles or services (including training).

Logistic support

Covers repair parts, components, special tools, test equipment, supplies, and materiel needed to maintain and calibrate an end item. Availability of ammunition, when appropriate, is also included. For the more sophisticated systems, logistic support includes maintenance support, calibration, technical assistance, technical training, provision of a maintenance float, warhead support, technical documentation, storage, and maintenance of war reserve stocks when the U.S. Army is providing services as arranged with selected foreign countries.

Logistics Support Charge (LSC)

A charge based on the Arms Export Control Act requirement for full cost recovery. The LSC recovers the cost of support involved in providing the spares and other items needed to maintain a weapon system. SAAC applies the delivery costs for those lines in FMS cases that have been identified as support lines based on the generic code on DD Form 1513.

Maintenance float

End items or components of equipment authorized for stockage at installations or activities to replace unserviceable items when they cannot be repaired immediately by the field maintenance activity.

Major defense equipment

Any item of significant combat equipment on the USML having a nonrecurring research and development cost of more than \$50 million or a total production cost of more than \$200 million.

Major item (line)

A program line for which the requirement is expressed quantitatively as well as in dollars. These lines are identified in the MASL by a unit of issue other than dollar (XX).

Mark for code

Indicates in-country destination to which the customer country desires particular shipment to be made.

Military articles and services list (MASL)

Catalog of materiel, services, and training used in the planning and programming of MAP, IMETP, and FMS.

Military Assistance Program Address Directory (MAPAD)

List of required addresses in DOD 4000.25-8-M for shipment of materiel under FMS and MAP. It addresses the distribution of related documentation and includes addresses of freight forwarders, country representatives, and/or customers within country.

Military export sales

All sales of defense articles and services made by DOD or by U.S. industry directly to foreign governments, foreign private firms, and international organizations. Such sales fall into two major categories, FMS and commercial sales.

Military Standard Billing System (MILSBILLS) (DOD 4000.25-7-M)

Provides data elements and codes, standard mechanized procedures, and formats for billing, collecting, and related accounting for sales from stock.

Military Standard Requisitioning and Issue Procedures (MILSTRIP) (DOD 4000.25-1-M)

Prescribes uniform procedures to govern requisition and issue of materiel in the DOD supply system. See AR 725-50.

Military Standard Transaction Reporting and Accounting Procedures (MILSTRAP) (DOD 4000.25-2-M)

Prescribes uniform procedures, data elements and codes, documents, and time standards for the flow of inventory accounting information pertaining to receipt issue and adjustment actions, between inventory control points, stock control/activities, storage sites, and posts or bases.

Military Standard Transportation and Movement Procedures (MILSTAMP) (DOD 4500.32-R)

Establishes uniform and standard transportation data, documentation, and control procedures for all cargo movements within DTS. See AR 55-355.

Military Supply and Transportation Evaluation Procedures (MILSTEP) (DOD 4000.25-3-M)

Provides a standard method for preparing and collecting basic data needed to measure supply system performance and transportation effectiveness.

Munitions List

An enumeration of defense articles and services published in the ITAR.

North Atlantic Treaty Organization (NATO)

A multilateral agreement of nations to improve their power position by joining together in defense of their common interests. Members are Belgium, Canada, Denmark, France, Germany, Greece, Iceland, Italy, Luxembourg, Netherlands, Norway, Portugal, Spain, Turkey, the United Kingdom, and the United States.

Obligations

Amounts of orders placed, contracts awarded, services received, or other commitments made during a given period that will require funds to be expended during the same or some future time. Such amounts include adjustments for differences between obligations

previously recorded and accrued expenditures of actual payments.

Offer date

The date that appears on the offer portion of DD Form 1513. It is the date on which an FMS offer was made to a foreign purchaser.

Open sales case

An FMS case in which a portion of the transaction is incomplete (for example, delivery of materiel, performance of services, financial transactions, or rendering of the final statement of accounts).

Open sales offer

An FMS offer that is pending acceptance; a pending case.

Operations and maintenance costs

Costs related to equipment, supplies, and services needed to train, operate, and maintain forces in a recipient country. These include (1) the cost of spare parts other than concurrent spares and initial stockages; (2) ammunition and missiles used in training or replacements for such items expended in training or operations; (3) rebuild and overhaul costs (excluding modernization) of equipment after initial issue, training, and other services that are not investment costs; and (4) administrative costs related to overall program management and administration.

Pipeline

That portion of approved and funded MAP articles and services or accepted FMS orders for defense articles and services for which delivery, either constructive or actual, has not occurred or services have not been rendered.

Price and availability (P&A) data

Information prepared in response to a foreign government's request for preliminary data for the possible purchase of a defense article or service. P&A data are not considered valid for the preparation of an LOA, nor do they constitute a commitment by the U.S. Government to offer for sale the articles and services for which the data are provided.

Progress payments

Those payments made to contractors or DOD industrial fund activities as work progresses under a contract. They are based on costs incurred or percentage of completion or on a particular stage of completion before actual delivery and acceptance of contract items.

Project code

A code assigned per AR 725-50, paragraph 1-28, for identifying requisitions, related documents and shipments of materiel for specific projects, programs, or maneuvers.

Purchaser

Customer; the foreign government or the international organization with which the U.S. Government has entered into a sales agreement.

Repair parts

Support items that are coded not reparable; consumable items.

Replacement and modernization of Army inventory

Applies to a sale when a major item sold from Army inventory requires replacement with a modern version of the same basic model, or an acceptable substitute item, used against the same AAO in requirements computations.

Retention of inventory, sale from procurement (RP)

Applies to a customer order when the item to be procured is common to the Army and the customer.

Retention of inventory, sale from stock (RS)

Applies to a customer order (or line item) when the exact item (major or secondary) to be furnished from stock is common to the Army and the customer, and the Army stock is to be "replaced in kind" through procurement.

Routing identifier code (RIC)

A MILSTRIP three-digit code that identifies the activity to which the MILSTRIP requisition or other actions are sent or addressed.

Secondary line item

A dollar value line encompassing items of equipment; for example, other support equipment.

Security assistance

Includes all DOD programs carried out under the authority of the Arms Export Control Act, the Foreign Assistance Act of 1961, or related appropriation acts and other statutory authorities by which the United States provides defense articles, military training, and other defense-related services, by grant, credit, or cash sales, in furtherance of national policies and objectives.

Security assistance organization (SAO)

All DOD elements located in a foreign country with assigned responsibilities for carrying out security assistance management functions. It includes MAAGs, military missions and groups, offices of defense/military cooperation, liaison groups, and defense attache personnel designated to perform security assistance functions.

Services, defense

Includes any service, test, inspection, repair, training, publication, technical or other assistance, or defense information used for the purposes of furnishing military assistance under the Foreign Assistance Act of 1961, as amended, or for making military sales under the Arms Export Control Act.

Significant military equipment

(Formerly referred to as "Significant Combat Equipment.") Those defense articles and

services on the USML in the ITAR that are preceded by an asterisk.

Supply operation costs

Those costs related to the procurement and issue of materiel and excess articles delivered to MAP and FMS recipients but not included in the standard prices of the materiel. These costs include PCH and transportation expenses to issue and transfer materiel and logistics management expenses (excluding military pay and allowances for MAP) for activities in procurement operations, supply management, requisition control and processing, and related services.

Support equipment

Those support items that are not an integral part of an end item but are required in the operation of the end item.

System support buyout (SSBO)

The total requirements of peculiar repair parts, components, assemblies, and ammunition that support the major end item or weapon systems. SSBO is for the programmed life and time that the foreign country recipients expect to use the major end item or weapon systems.

Technical assistance team (TAT)

DA military and civilian personnel, or personnel under contract to DA, who provide technical assistance to the purchasing country or international organization.

Total package approach (TPA)

The preparation of DD Form 1513 in such a way as to recommend to the purchaser the need for obtaining all necessary support items, training, and services to efficiently introduce and operationally sustain major items of equipment or systems considered for purchase.

Training (FMS)

Formal or informal instruction of foreign students in the United States or overseas by U. S. Government personnel, contract technicians, or contractors (including instruction at civilian institutions). The term also includes correspondence courses; technical, educational, or informational media of all kinds; training aids; orientation training exercises; and military advice to foreign military units and forces.

Unaccepted case

An FMS letter of offer that was not accepted or funded within the prescribed time.

Section III

Special Abbreviations and Terms

There are no special terms.

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SECURITY ASSISTANCE SUPPORTABILITY STATEMENT

For use of this form, see AR 12-8; the proponent agency is DCSLOG.

1. Command	2. Date																
3. Stock Number	4. Nomenclature																
5. Type Classification																	
6. Support Concept a. The data reflected in this statement is based on the same level and scope of support provided U.S. forces for the U.S. standard configuration. Within the total range of support items, there are certain repair parts, components, and assemblies that are not stocked or procured through the U.S. Army supply system. Usually, there is little or no demand for these items and it would be uneconomical to procure or stock them within the supply system. In many cases, items can be fabricated by the user or are readily available from commercial sources. Items not normally provided are identified in applicable technical manuals with the following source codes: AD, AF, AH; and AO (assemble from parts); MD, MF, MH, and MO (manufactured at local level); XB (obtain from cannibalization salvage). If a significant support problem occurs due to nonavailability, of these items, requirements with accompanying justification may be submitted through normal supply channels. b. A system support buyout (SSBO) will be offered to all security assistance (SA) recipients approximately 2 years prior to termination of support. c. A revised supportability statement will be furnished if supportability data specified significantly changes, or if support of major assemblies changes or is projected to terminate. d. U.S. Army support obligation for peculiar components and repair parts will terminate at the time the agreed upon items and quantities included in the SSBO are delivered.																	
7. Projected Supportability a. _____ Item supportable through calendar year (CY) _____. b. _____ Item supportable through CY _____, with exception of components/items listed in item 10 below. c. _____ Support scheduled to terminate by _____. Details of phase-out plan are outlined in item 10 below. d. _____ Item is not supportable through the U.S. Army supply system. Last known source of supply for the end item is listed in item 10 below.																	
8. Status <table style="width: 100%; border: none;"><tr><td style="width: 40%;">a. Current users</td><td style="width: 20%;">Army and SA _____</td><td style="width: 20%;">Army Only _____</td><td style="width: 20%;">SA Only _____</td></tr><tr><td>b. Ammunition available through support period</td><td>NA _____</td><td>YES _____</td><td>NO _____</td></tr><tr><td>c. Drawings, specifications, and tooling available</td><td></td><td>YES _____</td><td>NO _____</td></tr><tr><td>d. Field manuals/technical manuals available</td><td></td><td>YES _____</td><td>NO _____</td></tr></table>		a. Current users	Army and SA _____	Army Only _____	SA Only _____	b. Ammunition available through support period	NA _____	YES _____	NO _____	c. Drawings, specifications, and tooling available		YES _____	NO _____	d. Field manuals/technical manuals available		YES _____	NO _____
a. Current users	Army and SA _____	Army Only _____	SA Only _____														
b. Ammunition available through support period	NA _____	YES _____	NO _____														
c. Drawings, specifications, and tooling available		YES _____	NO _____														
d. Field manuals/technical manuals available		YES _____	NO _____														
9. Replacement Item National stock number _____ Nomenclature _____ Type classification _____ Supportable through CY _____																	
10. Remarks																	

For use of this form, see AR 12-8; the proponent agency is DCSLOG.

6. Summary of material issued

[illegible]

DEPARTMENT OF THE ARMY MUNITIONS CONTROL CASE PROCESSING WORKSHEET

For use of this form, see AR 12-8; the proponent agency is ODCSLOG

1 CASE NUMBER

4 APPLICANT

2 COUNTRY

3 COMMODITY

5 CASE TYPE

<input type="checkbox"/> UNCLASSIFIED TECHNICAL DATA OR EQUIPMENT	<input type="checkbox"/> CLASSIFIED TECHNICAL DATA OR EQUIPMENT	<input type="checkbox"/> TEMPORARY EXPORT OF TECHNICAL DATA OR EQUIPMENT	<input type="checkbox"/> ADVISORY REQUEST	<input type="checkbox"/> TECHNICAL ASSISTANCE OR MANUFACTURING LICENSE AGREEMENT	<input type="checkbox"/> COMMODITY JURISDICTION DETERMINATION	<input type="checkbox"/> INSTRANSIT REQUEST	<input type="checkbox"/> CDCOM OR COMMODITY CONTROL LIST EXPORT
--	--	--	--	--	---	--	--

6 FROM HEADQUARTERS, ARMY MATERIEL COMMAND (AMC/MC)

9 AMC ACTION OFFICER

7 TO

8 SUSPENSE DATE

10 PHONE

COMPLETE ITEMS 11 THROUGH 17 AND RETURN TO HQ, AMC BY SUSPENSE DATE IN ITEM 8.

11. AMMUNITIONS CONTROL CASE EVALUATION CHECKLIST ENTER OR CIRCLE APPROPRIATE RESPONSES IF THE QUESTION IS NOT APPLICABLE, ENTER NA. USE A SEPARATE SHEET FOR ANY RESPONSES THAT REQUIRE EXPLANATIONS OR ADDITIONAL INFORMATION

a. If the commodity is under the cognizance of another command or agency, identify it						
b. Is the commodity standard in the U.S. Army inventory (S)? a derivative of a standard item (D)? or a commercial item (C)?	S	D	C			
c. Is the item's security classification UNCLASSIFIED (U)? CONFIDENTIAL (C)? or SECRET (S)?	U	C	S			
d. If the export includes state-of-the-art or advanced technology, does its exportation, or related plant visits, present unreasonable risks that:	YES	NO				
(1) The receiving country may be able to extract U.S. technology?						
(2) The receiving country may gain the technological lead?						
(3) U.S. national security is otherwise threatened?						
e. Does operation or maintenance of the commodity require the use of classified military hardware or data? If yes, explain						
f. Can classified information be derived from use of the item? If yes, explain						
g. Can classified manufacturing technology be obtained by reverse engineering the commodity? If yes, explain						
h. If the export includes data, does the U.S. Government own any rights?						
i. If nonrecurring costs are recoverable from this sale, indicate the amount per item.	\$					
j. Has the commodity been previously exported? If yes, cite the munitions control case number or foreign military sales case designator, if known.						
k. Is an identical or similar commodity available from foreign sources? If "yes," explain						
l. If the export includes data intended for nonproduction purposes, is the nature and extent of the data sufficient to enable fabrication or production? If yes, explain						
m. Can the commodity be used for applications other than its intended purpose? If "yes," explain						
n. Will export interfere with current U.S. defense programs or adversely affect projected programs? If "yes," explain						
o. For commodity jurisdiction cases						
(1) Is the item inherently military in character?						
(2) Is its application primarily military?						
(3) Is it commonly used for commercial purposes?						

12. COMMAND OR AGENCY RECOMMENDATION

- ☐ No objection to export
- ☐ Objection to export, see attached justification
- ☐ No objection to export, subject to the attached provisos
- ☐ Commodity is under cognizance of _____, it must furnish recommendation
(name of command or agency)
- ☐ Other, see attached explanation

13 COORDINATION

OFFICE	NAME	DATE	PHONE

14 FROM

15 TO HQ AMC (AMSAC-M)

16 DATE

17a. APPROVING OFFICIAL'S SIGNATURE

17b. PHONE NUMBER

18 HQ AMC RECOMMENDATION

☐ No objection to export.☐ Objection to export, see attached justification☐ No objection to export, subject to the attached provisos☐ Commodity is under cognizance of _____ it must furnish recommendation
(name of command or agency)☐ Other, see attached explanation

19 AMC COORDINATION

OFFICE	NAME	DATE	PHONE

20 FROM HQ AMC (AMSAC-M)

21 TO HQDA (DALO-SAC)

22 SUSPENSE DATE

23a. APPROVING OFFICIAL'S SIGNATURE

23b. PHONE NUMBER

COMPLETE ITEMS 24 AND 25 AND RETURN TO HQ AMC BY SUSPENSE DATE IN ITEM 22

24 HQDA POSITION

☐ No objection to export☐ Objection to export, see attached justification☐ No objection to export, subject to the attached provisos☐ Return without action, Army will sponsor the required E/NDP☐ Other; see attached explanation☐ Export authorized by E/NDP number _____

25 HQDA COORDINATION

OFFICE	NAME	DATE	PHONE

26 REMARKS (AMC and HQDA use only)

TAB

TAB

FOREIGN MILITARY SALES FINANCIAL MANAGEMENT IMPROVEMENT PROGRAM WORKSHEET

For use of this form, see AR 12-8; the proponent agency is DCSLOG.

1. CASE	2. AMENDMENT/MODIFICATION NO.
3. COMMAND CASE MANAGER	4. DATE PREPARED

SECTION I — CASE LEVEL DATA MUST BE COMPLETED

A. TERMS OF SALE (TOS) CODE/AMOUNT	CODE	AMOUNT
5. _____ ONE TOS		
6. _____ MULTIPLE TOS	a.	
	b.	
	c.	
	d.	
7. TOTAL CASE VALUE		

SECTION II — LINE LEVEL DATA

COMPLETE ALL ENTRIES FOR ALL LINES ON DD FORM 1513. FOR DD FORM 1513-1 OR 1513-2, COMPLETE ONLY THE ENTRIES FOR LINES THAT HAVE CHANGES.

B. ADMINISTRATIVE PERCENTAGE

8. 0%: LINE(S) _____

9. 3%: LINE(S) _____

10. 5%: LINE(S) _____

C. AMOUNT ORDERED CONTRACT ADMINISTRATIVE SURCHARGES (CAS) AND CAS PERCENTAGE

11. _____ NO CAS SURCHARGES APPLY

12. _____ CAS SURCHARGES APPLY

LINE	AMOUNT

13. CAS PERCENTAGE

A. 1.5%: LINE(S) _____

B. 1.0%: LINE(S) _____

C. 0.5%: LINE(S) _____

D. 0%: LINE(S) _____

TAB

TAB

D. LOGISTICS SUPPORT CHARGE (LSC)

14. _____ NO LSC APPLIES

15. _____ LSC APPLIES

LINE	AMOUNT

E. FIXED PRICE CODE

16. _____ NO CHARGES WAIVED

17. _____ CHARGES WAIVED

LINE	CODE

**SECTION III — PAYMENT SCHEDULE
MUST BE COMPLETED****F. AMOUNT PAYMENT SCHEDULE ESTIMATED DISBURSEMENTS**

18. _____ SAME AS FINANCIAL ANNEX

19. _____ SEE TERMINATION LIABILITY WORKSHEET (ATTACHED)

20. _____ NO CHANGE TO PAYMENT SCHEDULE CAUSED BY AMENDMENT OR MODIFICATION

G. REMARKS

TOTAL PACKAGE APPROACH CHECKLIST

For use of this form, see AR 12-8; the proponent agency is DCSLOG.

SECTION I—Security Assistance Organization

Country

Weapon System/Item

Security Assistance Organizations will complete this checklist with any request for a major weapon system or item and forward it directly to U.S. Army Security Assistance Command (USASAC).

A. Answer the following questions with yes, no, or not applicable (NA), as appropriate:

- _____ 1. Has the Total Package Approach concept and principles been explained to the purchaser along with the ramifications of not accepting a total package offer? If yes, state how:

Which of the following are required?

- | | |
|---|---|
| _____ 2. Contractor support | _____ 15. Training aids or devices |
| _____ 3. Training required— | _____ 16. Maintenance support arrangement |
| _____ a. Outside the continental United States (technical assistance team/technical assistance field team/mobile training team/field training services) (include customer training philosophy required) | _____ 17. Cooperative logistics supply support arrangement (CLSSA) |
| _____ b. Inside the continental United States | _____ 18. Blanket order case (<i>specify 1 or 2 years</i>) _____ |
| _____ 4. Quality assurance team | _____ 19. Specialized training requirements (i.e., supply/maintenance) |
| _____ 5. Concurrent spare parts (1 year unless otherwise specified) | _____ 20. Engineering services required |
| _____ 6. Communications/electronics equipment (radios, accessory kits, etc.) | _____ 21. Maintenance allocation charts |
| _____ 7. Petroleum, oil, or lubricants (list special requirements) | _____ 22. Test, measurement, and diagnostic equipment |
| _____ 8. Calibration services or materiel | _____ 23. Facilities to support the equipment |
| _____ 9. Maintenance float | _____ 24. Cold weather adaptations |
| _____ 10. Consolidated shipment | _____ 25. Can the country's supply or storage system support this weapon system? |
| _____ 11. Initial training ammunition | _____ 26. Can the country's maintenance capability (facilities, equipment, & personnel) support this weapon system? |
| _____ 12. Initial basic ammunition load | _____ 27. Are there any special requirements (climatic considerations, flotation equipment, paint, maps, etc.)? If so, list them. |
| _____ 13. War reserve ammunition | _____ |
| _____ 14. Publications case | _____ |

B. Describe anticipated problems, or give any information and assistance that may be required in addition to the data provided above. Use a separate page if necessary.

C. Describe any special requirements mandated by the country's maintenance concepts/levels. Include organizational structure, concept of employment, and purchaser's experience with similar equipment (foreign or U.S.). Use a separate page if necessary.

D. Check the following as appropriate:

- _____ 1. The purchasing country is capable of assimilating this major item/weapon system within its current logistics infrastructure and capability, with no additional equipment, training, or services.
- _____ 2. A predeployment materiel fielding assessment (survey) is not recommended.
- _____ 3. The purchasing country will be capable of assimilating this major item/weapon system within its current logistical infrastructure and capability after delivery of the equipment, training, or services requested.
- _____ 4. An in-country survey is recommended.
- _____ 5. Other comments. _____

E. Describe logistical improvements needed or desired. Use a separate page if necessary.

F. List communications available or required (AUTOVON, AUTODIN, dataphone, etc.).

SAO Desk Officer: _____ Office symbol: _____

AUTOVON/Commercial phone: _____ Date: _____

SECTION II—USASAC

Country	Weapon System/Item
Case Designator	

A. An automated printout of customer assessment was requested on _____ (date)

B. USASAC has reviewed the DA Form 5904-R, Section I, and taken the following actions:

1. Advised U.S. Army Training and Doctrine Command (TRADOC) on _____ of requests for training and training-related requirements. (date)
2. Tasked the major subordinate command (MSC) to develop a Letter of Offer and Acceptance (LOA) and provided a copy of the completed DA Form 5904-R, Section I, on _____; advised MSC of special requirements and considerations as follows: (list) (date)

3. Notified the construction agent, U.S. Army Corps of Engineers, of facility requirements on _____ (date)

4. Provided AMSAC-O a copy of DA Form 5904-R, Section I, and advised of case requirements for CLSSA, blanket order, and International Logistics Communications System (ILCS) on _____ (date)

C. Based on information received to this time, an assessment survey is ____ is not ____ considered necessary.

D. Suspense date for receipt of LOA is _____ (date)

CPM

AUTOVON/Commercial Phone

Date

SECTION III—MSC

MSCs will complete DA Form 5904-R, Section III, and furnish it, with an LOA, to Headquarters, USASAC, for all cases involving major weapon systems and items subject to TPA considerations. This checklist is required for all initial introductions of major weapon systems.

Country

Weapon System/Item

Case Designator

A. This case has been formulated in accordance with the TPA. The elements checked below are required and included in this case:

Req. Incl.

- | | | |
|-----|-----|---|
| ___ | ___ | 1. Petroleum, oil, and lubricants. |
| ___ | ___ | 2. Calibration services/test measurement and diagnostic equipment. |
| ___ | ___ | 3. Publications. |
| ___ | ___ | 4. Quality assurance team. |
| ___ | ___ | 5. Ancillary equipment. |
| ___ | ___ | 6. Basic issue items. |
| ___ | ___ | 7. Communications/electronics equipment (radios, accessory kits, etc.). |
| ___ | ___ | 8. Power generators. |

Req. Incl.

- | | | |
|-----|-----|--|
| ___ | ___ | 9. Concurrent spare parts (list, indicating 1 or 2 years.) |
| ___ | ___ | 10. Common and special tools/tool sets/test sets. |
| ___ | ___ | 11. Maintenance float. |
| ___ | ___ | 12. Consolidated shipment. |
| ___ | ___ | 13. Training aids/devices. |
| ___ | ___ | 14. Training ammunition. |
| ___ | ___ | 15. Basic ammunition load. |

Req.	Incl.		Req.	Incl.	
___	___	16. War reserve ammunition.	___	___	21. Stockpile reliability and assessment.
___	___	17. Support cases. (list)	___	___	22. Maintenance allocation charts.
___	___		___	___	23. Facilities.
___	___	18. Tech assistance (contractor).	___	___	24. Cold weather requirements.
___	___	19. Specialized training cases.	___	___	25. Are training, services, or other items required that have not been offered? Explain.
___	___	20. Specialized software.	___	___	

B. Respond to the following statements with yes, no, not applicable (NA), or other comment, as appropriate.

- ___ 1. The purchaser's previous experience with similar foreign or U.S. equipment has been taken into consideration during preparation of this case.
- ___ 2. This LOA has been tailored to the tactical organization and concept of employment and operation of the foreign unit being equipped.
- ___ 3. This offer has been tailored to the logistics concepts, organization, and methods of operation of the foreign entity being equipped.
- ___ 4. Coordination with Security Assistance Training Field Activity (SATFA) has been accomplished to ensure development of appropriate delivery schedules and training plans.
- ___ 5. The purchaser's existing in-country maintenance capability and facilities are adequate to support this major item/system.
- ___ 6. Program management line has been developed and included in this case.
- ___ 7. Replacement and modernization sales have been identified.
- ___ 8. A repair and return case is required.

C. Describe anticipated problems or requirements for information or assistance in addition to the data provided above. Use a separate page if required.

D. Describe any special requirements or unusual maintenance concepts/levels mandated by this system or item. Use a separate page if required.

E. List any items for which diversion is required.

F. I certify that DA Form 5904-R, Section I, from U.S. personnel in the customer country has been considered in formulating this case.

Command Case Manager	Office Symbol
AUTOVON/Commercial Phone	Date

DIVERSION DECISION CONSIDERATIONS—AMMUNITION

For use of this form, see AR 12-8; the proponent agency is DCSLOG.

Submission date	As of date (of data)
Major subordinate command point of contact (Name/Phone):	
Item Mgr /	IL/SA /
1. a. Item nomenclature	
b. Recipient country/case	
c. National stock number (NSC)/Department of Defense Identification Code (DODIC)	/
d. Line item number (LIN)	
e. Standard study number (SSN)	
2. a. Is the requirement on an implemented foreign military sales (FMS)/grant aid requirement?	
b. If so, what is the date of implementation?	
c. What is the commitment date?	
d. If not an implemented program, what is customer's required availability date?	
3. Army assets and needs	
a. Assets on hand/date of WARS report	/
b. Total requirements	
4. Diversion requirement	
a. Quantity required/date required	/
b. Quantity required as a percentage of Army on han	
d assets	
c. What additional quantity does the customer require from normal procurement?	
5. a. What would be the date of availability to the customer without diversion?	
b. Is this also the date of payback to the Army if diversion is approved?	
6. What impact will denial of diversion have on the customer?	
7. a. If diversion is not approved, can the item availability date (5.a, above) be met from ongoing production?	
b. By inclusion in planned future production?	

12. Unit cost	
13. If diversion is made, the recommended sales classification is	
14. Current U.S. Army inventory status	
a. Current authorized acquisition objective (AAO)/source/date	/ /
b. Current authorized distribution objective	
c. Six-year training/test losses (FY ____ through FY ____)	
d. Total requirement (a or b, whichever is larger, plus c)	
e. Serviceable quantity on hand	
f. Unserviceable (reparable) quantity on hand	
g. Percentage of AAO (serviceable/unserviceable) on hand	
h. Authorization for training (current year)	
15. Scheduled receipts from production and overhaul (attach DA Form 5907-R).	
16. Remarks	

DIVERSION DECISION CONSIDERATIONS—MAJOR ITEMS LESS AMMUNITION

For use of this form, see AR 12-8; the proponent agency is DCSLOG.

Submission date	As-of date (of data)
Major subordinate command point of contact (Name/Phone):	
Item Mgr /	IL/SA /
1. a. Item nomenclature	
b. Recipient country/case	
c. National stock number (NSN)	
d. Line item number (LIN)	
e. Standard study number (SSN)	
2. a. Is requirement on an implemented foreign military sales (FMS)/grant aid requirement?	
b. If so, what is the date of implementation?	
c. What is the commitment date?	
d. If not an implemented program, what is customer's required availability date?	
3. Army assets and needs	
a. Assets on hand/source/date	/ /
b. Total requirement/source/date	/ /
c. Authorized acquisition objective (AAO), source, date	
4. Diversion requirement	
a. Quantity required/date required	/
b. Quantity required as a percentage of Army on-hand assets	
c. What additional quantity does the customer require from normal procurement?	
5. a. What would be the date of availability to the customer without diversion?	
b. Is this also the date of payback to the Army if diversion is approved?	
6. What impact will denial of diversion have on the customer?	

7. Will approval of the diversion require further diversions, i.e., test equipment, training equipment, ammunition? If so, give details.

8. a. If diversion is not approved, will the item availability date (5.a, above) be met from ongoing production?	
b. By inclusion in planned future production?	
c. Can the requirement be satisfied only by accumulation of a minimum order quantity?	
d. If so, what is the minimum order quantity?	
e. When is it estimated to be accumulated?	
f. Can the requirement be met only by diversion without payback to the Army?	

9. Assets due the Army	Production	Overhaul
a. During balance of current FY		
b. During current FY plus 1		
c. During current FY plus 2		

10. If diversion is authorized, can it be satisfied from:	
a. On-hand CONUS depot (nondecrement/nonprepositioned war reserve material) stocks?	
b. Ongoing production?	
c. Ongoing overhaul?	
d. None of the above, but only from another source as follows:	

11. Can the requirement be satisfied by diversion from a third-country program?

12. a. Is this order required to help maintain a warm production base?	
b. If so, how long will it extend production?	
13. If diversion is made, what is the recommended sales classification?	
14. What is the specific impact if diverted from the Army (for example, one battalion in Europe without equipment/item for 6 months)	

DIVERSION DECISION CONSIDERATIONS—CLASS II AND IX PROCUREMENT APPROPRIATION SECONDARY ITEMS

For use of this form, see AR 12-8; the proponent agency is DCSLOG.

Submission date		As of date (of data)	
Major subordinate command point of contact (Name/Phone):			
Item Mgr		IL/SA	
/		/	
1. Nomenclature			
2. National stock number (NSN)			
3. Quantity requested			
4. Country and case			
5. Assets			
a. Stocks on hand (by ownership/purpose and condition code)			
b. Procurement due in			
On contract			
Not on contract			
c. Delivery scheduled for quantity on contract by Qtr and FY			
d. Delivery estimated for quantity not on contract by Qtr and FY			
e. Total assets on hand and/or due in			
6. Requirements		Issue priority designator	
a. Due out (listed by Macom)	01-02	03	04-15
b. Other requirements (identify)			
c. Total			
d. Average monthly demand			
7. Recommendations on source of diversion			
8. Impact if diversion is directed			

SCHEDULED RECEIPTS FROM PRODUCTION AND OVERHAUL

For use of this form, see AR 12-8; the proponent agency is DCSLOG.

Scheduled receipts from production and overhaul for Army, Reserve Components (RC), Security Assistance (SA), and other U.S. customers. For Army production, give intended recipient (i.e., IIQ, POMCUS, PWRMS, etc.) in comments.

Item: _____ Standard Study Number (SSN): _____ Fiscal Year: _____

Production						Overhaul					
	Active Army	RC	SA	Other Customers	Comments		Active Army	RC	SA	Other Customers	Comments
Current FY											
Oct-Dec											
Jan-Mar											
Apr-Jun											
Jul-Sep											
Current FY Plus 1											
Oct-Dec											
Jan-Mar											
Apr-Jun											
Jul-Sep											
Current FY Plus 2											
Oct-Dec											
Jan-Mar											
Apr-Jun											

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